FINANCIAL TIMES

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WORLD NEWS

Thatcher denies Tory 'jitters'

Mrs Thatcher yesterday denied that Tory MPs had "the jitters" and dismissed the decline in the party's opinion poll ratings as the usual "mid-term rough passage."

In an IRN interview, she also argued that the Government had a duty to look st the future of tba welfare state, preparing the way for a ststement on social security in June.

Labour leader Neil Kinnock said on Channel Four he would want to make changes at the top in Whitehall if he became Prime Minister, including "one or two" economic advisers. Back Page.

Eden 'wanted murder'

Fnrmer Premier Anthony Eden, whn launched the 1956 Suez invasion, earlier said be wanted Egyptian President Nasser murdered, his Foreign Minister, Sir Anthony Nutting, said.

Reagan raps MX vote

President Reagan accused the Democratic-controlled House of Representatives nf endangering U.S. security by voting to freeze defence spending. Page 2

Ceasefire bogs down

Fighting continued over Palestinian refugee camps in Beirut as a Syrian ceasefire plan hecame bogged down. Page 2

Spanish court curbs

Spain's Constitutional Court upheld a government move to curb its powers to freeze legislation, a blow to the opposition.

Tourists under scrutiny

Spanish authorities are checking incoming passengers tn try to stem the sale of charter-flight tickets without accommodation. Page 3

'No move' on Stansted

Suggestions that the Government had already decided to develop Stansted airport, Essex, were discounted in Whitehall, but such a decision is likely soon. Page 3

Sun story cleared

The High Court dismissed a claim by the Mirror Group that the Sun newspaper breached a court injunction by printing an extract from a book serialised in the Mirror.

$1m damages for film

Lynne Frederick, widow of Peter Sellers, was awarded $1m (£794,000) damages by the High Court against United Artists, which used discarded clips from his earlier films in The Trail of the Pink Panther.

Romania urges troop cut

Romanian President Nicolae Ceausescu called on Warsaw Psct states to reduce their forces by 10 per cent.

Nuclear-free Iceland

Iceland's parliament unanimously declared the country, a Nato member, a nuclesr-free zone.

Death for bank fraud

A businessman and two bank staff were executed by firing squad in Ghana for their part in a £794,000 bank fraud.

Dangerous Lord's

Lord's cricket ground was found to be a "potential time bomb" by a safety inspection, but the MCC were already working to improve danger areas, the GLC said.

Councillors unseated

Detectives are investigating the disappesrance of 64 antique mahogany chairs, worth more thsn £20,000, from Edinburgh's council chsmbers over the past six months.

Financial Times

The Financial Times will not be published on Monday, May 27.

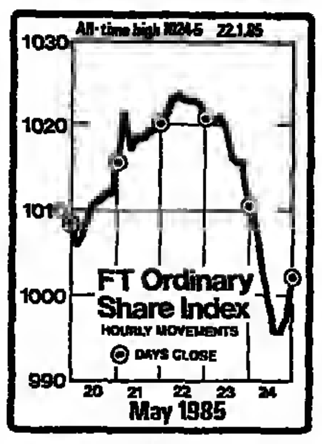
BUSINESS SUMMARY

BAe at work on fighter design

BRITISH AEROSPACE is working with Ministry of Defence funds on an all-British design for a combat fighter aircraft, the P-120, whicb could he adopted if plans for a European venture fail to mature. Back Page

LONRHO, headed by Roland "Tiny" Rowland, is understood to hold 12 per cent of House of Fraser's preference shares. Discovery of the stake lsst week persuaded Fraser's new owners, the Al Fayed brothers, to abandon efforts to buy the outstanding preference equity.

EQUITIES came under pressura after rumours of an imminent cut in oil prices, to be instigated



by Saudi Arabia. The FT Ordinary Share Index fell 8.6 to 1,001.6, a loss nn tha week of 6.7. Page 14

LLOYD'S is putting a new management team into the troubled insurance syndicates run by Minet Group's Richard Beckett Underwriting Agencies. Back Page

SOVIET UNION ordered steel products worth FFr 4hn (£337m) from France in sn apparent attempt to ensure further French purchases of its gas. Back Page

PAKISTANI budget imposed heavy taxes on petroleum products, natural gas and electricity, raised rail fares and put a 5 per cent surcharge on imports. Page 3

BANK of England is renewing part of its temporary casb facilities designed to ease shortages in the money markets. The facilities will apply until June 28 up to a maximum of £3bn. Money markets, Page 13

NCB, as part of its post-miners' strike review, told coal unions that 2,500 jobs are to go in the Doncaster area by the end of next March. Page 7

LOW-CALORIE food and drink ssles in the UK topped £771m last year, with consumption up 4 per cent, said the Food Research Association. Page 4

CO-OPERATIVE Congress delegates in Bournemouth this weekend will consider fresh moves to merge the movement's manufacturing snd retailing arms. Page 3

TRANS WORLD Airlines, subject of a takeover offer from financier Carl Icahn, has asked the U.S. Department of Transportstion to examine the bidder's fitness to run an airline. Page 11

BRAMMER, bearings distribution group, won agreement of Energy Servicea & Electronics to an increased £44m offer aa the first move in its own defenca against a hid from paper distributor Bunzl. Page 10

GREENFIELD BLACKS, formed last year by the merger of Greenfields Leisure ond Blacks Camping and Leisure, reported a pre-tax loss of £3.51m for the 16 months to March 2 against a £153,000 deficit for the year to October 31. Page 10

PINEAPPLE Dance Studios, USM company headed by Debbie Moore, msde a pre-tax first-half loss of £197,000 against a £77,000 profit. Page 10

Government to swoop on Whitehall running costs

THE GOVERNMENT plans tn crack down on the mounting cost of running Whitehall, estimated at more tban £17.5bn a year, writes Sue Cameron.

Mr Peter Rees, Chief Secretsry to the Treasury, told the Commons yesterdsy in a writteo answer that "successive scrutinies" showed how running costs of Government departments were rising faster than inflatioo.

Now ministers, who bave already forced the Civil Service to cuts its numbers drastically, will force Whitehall to squeeze further its day-to-day costs.

Mr Rees said that the Government would set individual targets for running costs of each department, and for the armed services, starting next year. The targets will be published in the 1986 Public Expenditure White Paper, and will include manpower cots.

This marks n new departure for Whitehall managers. Successive governments bave set targets for Civil Service pay, which accounts for some 70 per cent of total running costs. Never before have ministers set detailed spending ceiling for individual departments.

The targets will be set below the rate of inflation, so that Whiteball must find considerable savings in real terms.

In the first year of this Government its costs rose by 19.2 per ceot, though inflation was only 18.7 per cent. In every year since, the growing cost of running the central bureaucrocy has outstripped inflation rate.

Yet Civil Service numbers between 1979 and last year were reduced from 739,00 to 624,000. Further cuts are in the pipeline.

As pay accounts for the lion's share of running costs, Whitehall may seek other spending areas for economies.

At present 11 per cent of costs go on accommodation, 6 per cent on such things as travel and subsistence, 6 per cent on office services such as postage and telephones, and 7 per cent on services such as contracted-out work.

More than £15m a year is spent on outside consultancy work. Sometimes a consultancy firm is used, not because a Department could not do the work itself, bnt because it does not want to be accused of lack of objectivity by another Department, such as the Treasury.

Whitehall spent £20m on its financial msnsgement initiative programme in the programme's first year. The programme is designed to save money. But so fsr tba savings have not been quantified, merely the costs.

Little things may provida

Continued on Back Page

Nuclear processing plant to cost £200m

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT is to support s controversial application by the British nuclear industry to build another nuclear fuel reprocessing plant st Dounreay, Caithness. The cost of the project, due fnr completion by the mid-1990s, would exceed £200m.

If built, the plant will reprocess spent nuclear fuel from the British fast reactor development programme at Dounreay as well as material imported from France and West Germany.

Mr Robert MacLennan, SDP MP for Caithness snd Sutherland, in whose constituency the plant would be sited, yesterday expressed support for the project.

But fellow Alliance MP Mr Jim Wallace, representing Orkney and Shetland, has put down a Commons motion condemning the Dounreay siting.

His motion, backed by Labour MPs, alleges that the plant will increase Dounreay's radio-active discharges into the Pentland Firth and will threaten local fishing interests. He called for a full public inquiry into the project.

Mr Donald Stewart, president of the Scottish Natinnal Party, said "any plan to turn Scotland into a dumping ground for the world's nuclear poison" would be resisted.

Greenpeace, the environmentsl pressure group, also said it was strongly opposed to the plans.

The UK Atomic Energy Authority and British Nuclear Fuels are expected to apply jointly to the Highland Regional Council for planning permission for the Scottish project early next month.

They will ask to build a plant which is already being designed, as a joint venture, at the Dounreay Nuclear Power Development Establishment of the UK AEA.

With a staff of 2,300, the establishment is the biggest employer in Caithness. It specialises in the plutonium-fuelled fast reactor.

The project will replace an existing reprocessing plant at Dounreay which is treating spent fuel from Britain's 250Mw prototype fast reactor. It will have about five times the capacity of the existing plant and is expected to be able to serve the needs of four demonstrstion fast reactors planned by the six-nation European fast reactor development club.

Britain is the lstest member of this club, which includes Belgium, France, West Germany, Italy and the Netherlands. The club is spending shout £300m a year on fast reactor research and development.

It aims tn have a competitive design of fast reactor available for series ordering by the European electricity industries early in the next century. The first demonstration, Superphenix 1, is already being commissioned in south-east France.

Three more full-scala demonstrations, of about 1,400 Mw output, are being planned—probably in France, West Germany and the UK—before the commercially viable design stage is resched.

Although nn present plans Britain is expected to build the last of the club's three demnnstration reactors, it has entered a strong bid to host the club's first reprocessing plant.

Britain claims it has made greater progress than any other club member in the technology of reprocessing fast reactor fuel in operation.

The performance of Britain's first generation Magnox nuclear power stations bas improved dramatically in the past three years. This has helped shift the economic halance of power generation away from coal, Page 3

Doncaster pits to shed 2,500 Page 7

Botha tries to justify raid

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH AFRICAN Government bas called for an urgent meeting with the Angolan suthorities to discuss the return of s captured South African soldier and the hodies of two others whom the Angolans say were caught trying to ssbotage oil installations in Angola's northernmost Cabinda province.

In a message tn the Angolan Government, Mr Pik Botha, the South African Minister of Foreign Affairs, attempted to explain the presence of South African forces by claiming thst northern Angola "was now the main base area for the training of African Nstional Congress (ANC) terrorists who are despatched via other countries to the Republic of South Africs."

The published extracts of the message made no reference to the Angolan claim that the South African soldiers were caught with mines and fire bombs while preparing an act of sabotage.

Confirmation that South African forces were still active in Angola, just a month after South Africa claimed that it had withdrawn the last of its troops from the country, has been strongly criticlsed by the U.S. government. The White House's constructive engagement policy and attempts to head off the pressure within the U.S. for American companies to withdraw investment in Sonth Africa risk being compromised by what the Angolans allege is a sabotage attempt

The "Cabimda affair" alsn threatens to turn intn a full-scale parliamentary row in South Africa next week when General Magnus Malan, the Minister of Defence, is due to present the Defence Ministry budget for approval in the White House of Assembly. Dr Frederick Van Zyl Slabbert, leader of the white Progressive Federal Party (PFF) npposition, commented that South Africa had no right to he involved militarily in Angola when its interests were not threatened. The Government, he said, "must make up its mind — are we to be a force for peace and regional co-operation or be seen as a force for destabilisation?"

Units of the South African forces have been involved in several direct invasions of Angolan and Mozambiquean territory in recent years. Clandestine operations with rebel forces like Unita in Angola and the Mozambiquean National Resistance (MNR) in Mozambique have been part of its policy of destabilising its nominally Marxist and Soviet/Cuban supported neighbours.

The Nkomati accord with Mozambique in March 1984, however, was presented as evidence thst South Africa was moving away from destabilisation to co-operation. The withdrawal of 500 troops from southern Angola a month ago was presented in a similar light, although senior military officers warned they would return if Angola failed to curb the infiltration of South West Africa's People's Orgsnisation (Swapo) forces into Namibia. Cabinda however is 850 miles from Namibia.

The "Cabinda affair" raises fundamental questions about whether such army operations are sanctioned at the bighest level of government nr whether they are mnunted by the military in violation of gnvernment policy.

Angop, the Angolan news agency, said yesterday that the South African explanation that its commandos bad been gathering intelligence on ANC and Swapo bsses could not be true since fighters from neither organisation had ever been in Cabinda.

It claimed that the same commandn group whose troops had been killed in Cabinda had "previously sabotaged the Luanda oil refinery, destroyed the bridge over the Giraul river and the depots in Lobito." The group had also allegedly placed mines o ntwo merchsnt ships in the port of Luanda.

The agency hinted that the soldier captured alive by the Angolans would shortly be put in front of a Press conference

Woolworth surprises City with £146m rights issue

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

WOOLWORTH HOLDINGS yesterday surprised the City with a £146.3m rights issue to help finance development of its 1,000-plus Woolworth, Comet, and B aod Q stores.

Woolwnrth, whose share price closed 2p down on the dsy at 813p, also said it would "be well plsced to take advantage of snitsble scquisition opportunities should these occur."

However, Mr John Beckett, the gronp chairman, made clear last night that the company hsd no immediate acquisitions in mind.

Woolworth's cssh csll came as a surprise hecausa the compsny has raised at lesst £100m from property sales since it was acquired by a British financial consortium and the present management from its U.S. parent late in 1982.

Although Woolworth ia still disposing of high street stores when it can find suitable buyers, the company now hss fewer loss-making stores which it wants to sell.

At the same time, it is keen to continue refurbishing those of the 875 remaining Woolworth stores which sre not for sale. It also has plans to launch in the autumn a number of new in-store departments

B & Q, the do-it-yourself chain which provided the bulk of Woolworth's retail profits in its last financial yesr, is also being expanded and existing stores are heing refurbished. Woolwnrth plans to open 25 new B & Q stores in the current year.

Comet, the electrical goods chain acquired last year, is also being revamped.

Mr Beckett said thst, "during the last financial year we spent some £77m on capital projects, and a broadening of the capital bsse will ensble us to accelerate expansion plans without straining the balance-sheet."

Under the terms of the issue, Woolworth is offering sbareholders £17 nominal of convertible unsecured loan stock for every 10 Ordinsry shares. The 8.5 per cent stock can be switched into shares from June 1988 at an effective conversion price of 890p a share.

The issue was underwritten by Charterhouse Japhet and Morgsn Grenfell while brokers for the issue are Rowe and Pitman.

Call to apeed Co-op merger, Page 3
Lex Back Page

Privatisation advisers paid over £173m

BY PETER RIDDELL

THE GOVERNMENT has paid out more than £173m in fees and commissions to banks, stockbrokers, sccountants and solicitors on the dozen msjor privatisation issues since 1979.

The Treasury bas updated its previous estimate of fees and commissions on the flotations and offers for sale of public sector companies.

The figures, in a parliamentary written answer yesterday, are undoubtedly an underestimste of the total fees and commissions received by finsncial and professional sdvisers, since they cover only those paid by the Government and exclnde the often substantial amounts paid by the companies concerned.

Even the estimates of Government outgoings exclude payments made to receiving banks, public relations advisers, the printing and distribution and other non-financisl advisory costs, ss well as excluding payments of stamp duty.

As s result, taking account of the recent sale of British Aerospace shares and the planned disposal of the remaining government stake in Britoil, total expenditure on fees and commissions is likely to have totalled nearly £200m since 1979.

The detailed figures show that UK banks, stockbrokers, auditors snd solicitors received £145.4m for the 12 flotations concerned. In additinn a total of £28m was paid to overseas advisers when shares were sold abroad. This was almost entirely incurred in last year's BT flotation.

Direct comparisons between the latest figures and the previous estimate last December are complicated by the varying treatment of BT. Total UK and overseas commissions and fees for BT are now put at £116.9m. But this covers only 1984-85 and further payments will be made.

Of the other issues the latest figures show s £1.6m increase in fees and commissions since December, because of an updating of estimates snd the inclusinn of fees for various minor financial advisory services.

MARKETS

DOLLAR

New York lunchtime:
DM 3.089
FFr 9.44
SwFr 2.6025
Y250.85

London:
DM 3.092 (3.075)
FFr 9.435 (9.4125)
SwFr 2.6055 (2.5845)
Y251.05 (251.2)

Dollsr index 146.0 (146.1)
Tokyo close Y251.15

U.S. LUNCHTIME RATES

Fed Funds $7\frac{1}{16}$%
3-month Treasury Bills: 7.17%
Long Bond: $103\frac{1}{16}$
yield: 10.86

GOLD

New York: Comex June latest $314.8
London: $314.75 ($315.75)

STERLING

New York lunchtime $1.26025
London: $1.26 (1.2625)
DM 3.89 (3.88)
FFr 11.8725 (11.8425)
SwFr 3.2775 (3.26)
Y316.5 (316.5)
Sterling Index 79.1 (78.9)

LONDON MONEY

3-month interbank: closing rate $12\frac{1}{4}$% (same)
3-month eligible bills: buying rate 12% ($11\frac{31}{32}$)

STOCK INDICES

FT Ord 1,001.6 (−8.6)
FT-A All Share 634.53 (−0.9%)
FT-SE 100 1,313.8 (−11.5)
FT-A long gilt yield index: High coupon 10.77 (same)
New Ynrk lunchtime: DJ Ind Av 1,298.16 (+1.45)
Tokyo: Nikkei Dow 12,593.85 (−55.28)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 5.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 5.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

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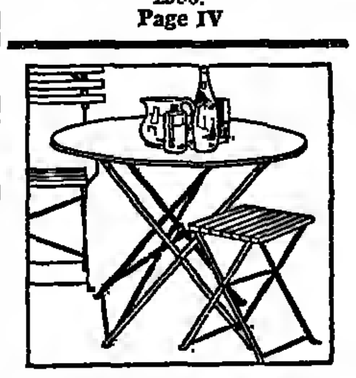
FEATURE

What do Winnie the Pooh, Empire of the Sun, and the Oxford dictionary hove in common? Goy Firth examines the best seller phenomenon. Page I

FINANCE AND THE FAMILY

Ignoring your next British Telecom bill may cost you £900. Page IV



DIVERSIONS

Outdoor classics: garden furniture that reflects the subtle hues of the British countryside. Page X and XI

TRAVEL

Bath returns to spa status as the curative tap is turned on again. Page IX

OVERSEAS NEWS

Reagan suffers MX Senate defeat

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE Republican-led U.S. Senate has delivered another body blow to President Ronald Reagan's sagging political credibility by forcing him to accept a radical scaling back of his MX intercontinental missile programme —the centrepiece of his strategic build-up.

Mr Reagan's climbdown, ratified in a Senate vote late on Thursday night, is the biggest setback for a major weapons programme in the more than four years he has been in the White House.

Under a compromise with Senate Democrats, reached after four days of desperate negotiations, Mr Reagan agreed to restrict deployment of the ten-warhead missile in fixed underground silos to 50, just half the total of 100 he wanted.

The White House was forced to concede after it became clear that it could not muster the votes in the Senate—despite a 53 to 47 Republican majority —to defeat an amendment sponsored by Democratic Senator Sam Nunn of Georgia which would bave "capped" deployment at only 40 missiles.

Mr Reagan was also obliged to accept that only 12 MX missiles will be funded in next year's budget, on top of the 42 already approved, against the 48 he bad originally requested. Missiles produced abova the deployment limit would be used for testing and spares.

Republican opponents of Mr Nunn's amendment argued that it would effectively kill the entire MX programme and undermine the U.S. negotiating position in the Geneva arms talks

Mr Nunn, however, maintains that bis real aim is to limit the numbers of MX missiles deployed in vulnerable fixed silos, currently occupied by the Minuteman, eliminate the possibility of the MX's use as a "first strike" weapon and eccelerete the development of a new single-warhead, mobile missile.

"I don't view this as the end of the MX, I view it as the end of the MX in fixed silos," Mr Nunn said yesterday.

Sen Robert Bird, the Senate Democratic minority leader, said that the compromise meant that "there will be no more MX missiles, no more, period, until the White House and the Pentagon come up with a basing mode that is mobile and deceptive." The Administration, however, hes searched for years for such a basing plan without success.

The White House was yesterday attempting to cast the outcome in the best possible light, arguing that the deployment limit was only effective for one year and that it left the door open for the eventual deployment of the full 100 missiles.

Argentine strike 'setback for dialogue'

By Jimmy Burns in Buenos Aires

RELATIONS between the Radical Government of President Raul Alfonsin and Argentina's main trade union organisation, the General Confederation of Labour (CGT), appear to have deteriorated substantially in the wake of Thursday's national strike and protest rally.

Sr Antonio Troccoli, Minister of the Interior, said the day of action was a setback to Government efforts at re-establishing a dialogue with both sides of industry on a prices and incomes policy.

The virulence of labour opposition to the Government reached a high point during a mass demonstration ootside the presidential palace. Sr Saul Ulbaldini, the CGT leader, told a crowd of over 120,000 people that the Government should "change its economic policy or resign."

The day of action coincided with teh arrival in the U.S. of a high level mission from the Economy ministry and central bank in what officiala heve described as the final stage of negotiations with the International Monetary Fund aimed at reactivities a $1.4bn (£1.1bn) standby facility suspended earlier this year.

Real salaries have been dropping in recent months as a result of the Government's moderate de-indexation of monthly wage increases. A law signed by President Alfonsin earlier this week froze all fresb employment in the public sector.

Brussels warning on cereals

BY QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday served warning of its determination oot to back down any further in the fece of West Germany's fight to prevent a significant cut in EEC cereal prices.

The 1.8 per cent price cut blocked by Bonn last week, when Herr Ignaz Kiechle, the German Farm Minister, invoked the first formal move towards a national veto, represents the final negotiating position of the Commission, a spokesman said.

The tough line from Brussels comes, amid growing fears of e cereal trade war with the U.S., on the eve of a three-day informal meeting of EEC Agriculture Ministers in Sienna, now likely to be overshadowed by the unresolved dispute.

The 14-man Commission decided its stance yesterday in a move clearly intended to forestall any attempt hy ministers next week to pressurise Mr Frans Andriessen, the Agriculture Commissioner, into a further compromise.

The Commissioners also reaffirmed their decision to make good any extra costs of the farm price package through market management measures during the rest of the year. The price package agreed last week, without any deal on cereal prices, is estimated to add Ecu 124m (£71.4m) in 1985 to the farm budget of Ecu 19.955bn.

Apart from the immediate budget cost of the farm policy, the Commission is obviously worried about U.S. threats of retaliation in world grain markets, in the shape of the $2bn (£1.58bn) farm export subsidy programme proposed hy U.S. Agriculture Secretary Mr John Block.

Mr Andriessen told the agriculture committee of the European Parliament this week that EEC grain export markets could he threatened if West Germany continued to oppose a price cut. He argued that it was up to the Council of Ministers to call a vote on the issue when they reconvene formally on June 11.

Next week'e talks are eupposed to focus on the long-range reform of the Community'a Common Agricultural Policy — including ways of bringing surplus cereal production under control. But the Ministers are unlikely to make much progress.

Quebec offers to back Renault factory

BY OUR PARIS CORRESPONDENT

THE Quebec Government is prepared to put up a substantial amount of money if it can persuade the French Renault group to set up motor manufacturiog facilities in the province.

M Yves Duhaime, Finance Minister, met M Georges Basse, Renault chairman, for the second time in three days yesterday in a hid to prevent the French company concentrating all its production facilities in Ontario. Quebec Province accounts for 72 per cent of the sales of Renault and its subsidiary, American Motor Corporation (AMC), in Canada. But last week it shut down its only facility in the province — a warehouse — with the loss of 98 jobs.

Speaking to journalists after a joint Press conference in Paris given by Quebec Prime Minister René Lévesque and M Laurent Fabius, French Prime Minister, M Duhaime said the Quebec Covernment was prepared to perticipate in a partnership with Renault and AMC if it would bring investment to Quebec and create jobs.

"We are ready to put up share capital and make a contribution to the company's long-term debts," he said. The investments could involve an assembly line, the manufacture of eutomobile parts or even the assembly of the whole car, he said. M Duhaime eaid he did not expect Renault to shut down all its fecilitiea at Brampton, Ontario, but he felt that some of the production activities could be carried out in Quebec. The proposed partnership will be similar to the existing one between the Province of Quebec and the French company Pechiney in the aluminium manufacturing field

Alcohol ban bites at Moscow lunches

By Patrick Cockburn in Moscow

"WOULD you like orange, mango or tomato juice," asked the waiter at lunch at the Praga Restaurant on Kalinin Propespect in central Moscow last week.

"Not a lot. How about wine or beer?"

"Na alcohol until after two o'clock," said the waiter, citing the new Soviet lawa on drinking promulgated a week ago.

"How about some mineral water?"

Official gatherings have also been hit by the drive against alcohol. At a lunch given for Mr Malcolm Baldridge, the visiting U.S. Commerce Secretary, by the Soviet Foreign Trade Ministry last Tuesday there was beer and wine but no vodka, brandy or any other spirits, in contrast to the previous norm.

The aim is to make drinking less acceptable among the Soviet elite as elsewhere in the country. In the capital the professional clubs, such as those for journalists, film directors and actors, whose membership is much sought after, are said to have gone dry altogether.

There is also a crackdown on home distilling, which is widespread. Mr Boris Kravtsov, the Soviet Justice Minister, says that the police even discovered an illicit still on a small fishing vessel belonging to the trawlar fleet based in the Baltic port of Riga. The first mate organised the distilling of liquor from sugar, tomato juice and yeast. Mr Kravtsov said the inebriated crew were lucky to escape shipwreck.

The new laws increasing the penalties against drunkenness do not come into effect until June 1, but the authorities are already tightening up. People who drive under the influence of drink are to be fined or have their licences taken away for one to three years.

Factory managers and foremen who allow anybody to get drunk at work are liable to be reprimanded or fired. For instance, at an engineering plant in the oil province of Tyumen one worker in three was absent as a result of drunkenness for at least some of the time in the first quarter of the year. The plant manager has been reprimanded.

The extent of the drive against alcobolism and heavy drinking has surprised many in Moscow, but it seems that the present campaign will be sustained and rigorously enforced. This will not stop Russians drinking, but it prebably will limit the pervasive drunkenness which was tolerated before.

Pay dispute shuts three Dutch airports

AIR TRAFFIC controllers at the Netherlands' three largest airports halted work yesterday in a pay dispnte and stopped nearly all flights in and out of the country, writes Laura Raun in Amsterdam

Schipol airport, Amsterdam, which has been hit sporadically by labour action in receot weeks, was joined by Rotterdam and Beek

Saudi Arabia resists Aramco pressure to cut crude oil price

BY DOMINIC LAWSON

THE U.S. partners of the Arabian American Oil Company (Aramco), which is responsible for Saudi Arabie's oil production, are putting intense pressure on Saudi Arabia to agree to cuts in the price of its crude oil.

The partners, Exxon, Mobil, Chevron and Texaco, met Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, last week in Houston and argued the case for price cuts. Bnt Mr Yamani refused to agree to any changa.

All other members of tha Organisation of Petroleum Exporting Countries (Opec) are discounting either directly or through harter deals. But the Saudis are offering no such relief to Aramco, in tha belief that any Saudi price cut would lead to s downward spiral in world oil prices.

Aramco ie retaliating hy cutting sharply its liftings of Saudi crude to levels not seen since the 1960s. Saudi production is now believed to be only about 2.6m barrels a day. This is less than tbe UK'e production, and compares with Saudi Arabia's Opec quota of 4.3m b/d.

In 1981, Aramco was lifting 9.6m b/d and the current Saudi five-year plan is based on an output of 5m b/d.

Fears of a Saudi price cut caused tremors on the London stock exchange, where shares in British Petroleum fell 15p to 523p at one point, while Sheil's share price slumped 18p to 700p yesterday afternoon.

In January, Opec cut its official prices for the first time for two years. The price of Saudi light waa cut by $1 a barrel to $28, while the price of Seudi heavy was maintained at $26.50. But since then tha oil market bas weakened further. On the spot market yesterday Saudi light for June delivery was quoted at $26.65, while heavy was quoted at $25.10.

Opec ministers are to meet in Ceneva on July 22, where Saudi Arabia will announce lower prices if it has agreed to concede them.

British oil revenue drops, Page 3

Bonn to end subsidies for Arbed Saarstahl

BY RUPERT CORNWELL IN BONN

BONN HAS told the new left-wing administration of the Saarland that it can expect no further direct federal subsidies for the crisis-torn Arbed Saarstahl steel concern, which has devoured over DM 3bn (£773,195) of aid since 1978 from central government to stave off bankruptcy.

This message was conveyed yesterday by Herr Martin Bangeman, Economics Minister, at his first meeting with Herr Oskar Lafontaine since he became state premier after the opposition Social Democrats won the elections there on March 10.

Recent estimates suggest that Arbed Saarstahl, a subsidiary of Arbed of Luxembourg, may lose DM 120m or more in 1985. Last month, Herr Lafontaine put the company's requirements of help for this year at DM 202m, e sum far beyond the resources of the state government alone.

Herr Hajo Hoffmann, the Saarland Economics Minister, has argned that Bonn could fill the gap by extending subsidies out of the DM 1.6bn still outstanding from the DM 4.5bn which in 1983 it was authorised by Brussels to deploy for the restructuring of the West Cerman steel industry.

However, Herr Bangemann made plain yesterday that the most which could be expected was for Bonn to join in a scheme to reduce the company's indebtedness

Yesterday the centre-right coalition secured parliamentary approval for its DM 20bn tax-cut package in two stages—next year and in 1988.

However, both the smaller coalition parties, the liberal Free Democrats (FDP) and the Bavarian CSU, signalled that if employment did not improve shortly, they would resume their demands for the second phase to be brought forward to 1986, despite the unyielding hostility to such a step from Herr Gerhard Stoltenberg, Finance Minister.

Swedish outflow halted

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE FLOW of capital out of Sweden, one of the factors which forced a drastic tightening of the country's monetary policy last week, appears to have been halted, at least temporarily.

The Riksbank, the Swedish central bank, said yesterday that there had been an inflow of some SKr 418m (£37.22m) in the week to Wednesday.

In the week before, when the Riksbank was forced to raise the discount rate two percentage points, there had been an outflow of SKr 2.5bn. Last week was only the third since the beginning of the year that there was a capital inflow.

However, the major problem remains the drastic deterioration in the current account of the balance of payments, caused by eoaring imports.

The tight squeeze on consumar credit could work gradually to slow the rise in imports but, according to unofficial figures, Sweden has alresdy run up a current account deficit of SKr 8-10bn in the first four months of the year. Last year the current account showed a surplus of SKr 1bn.

Syria fails in bid to end Beirut fighting

By Tony Walker and Nora Boustany in Beirut

A SYRIAN ceasefire plan to end fighting for control of Palestinian refugee camps in Beirut faltered yesterday over who would maintain order in Sabra and Chatilla and Bourj el Branjney after hostilities ended.

The Palestinians have refused to accept control of the camps by the mainly Shi'ite Sixth Brigade of the Lebanese regular army. The Sixth brigade has been involved with the Shi'ite Amal militia in this week'a attempts to rid the camps of Palestinian guerrillas.

Amal, Lebanon's largest Shi'ite Moslem militia, say it was determined to stop Palestinian fighters returning to the camps. Haider Saaloum, an Amal official in one of the districts adjoining the Palestinian camps, said he could not foresee a peaceful settlement.

The Syrian Plan, drafted in discussions involving Amal and Palestinian representatives, calls for a lasting ceasefire, and for the Lebanese army Sixth Brigade to take delivery of weapons in the camps and assume responsibility for security.

The eound of rocket-propelled grenades and tank shells could be heard outside the camps and it appeared that Amal was making ground in its efforts to exert control over Sabra and Shatilla. Amal commanders said only small pockets of Palestinian resistance remained.

Artillery and rocket attacks from the Chouf Mountains on Beirut's southern suburbs became sporadic yesterday after Thursday's bombardment. The airport remained closed.

Zaire creditors reschedule debt

REPRESENTATIVES from Zaire'e creditor governments agreed yesterday to reschedule about $520m (£412.6m) of debt service payments falling due in 1985 and in the first quarter of 1986, diplomatic sources said, AP reports from Paris.

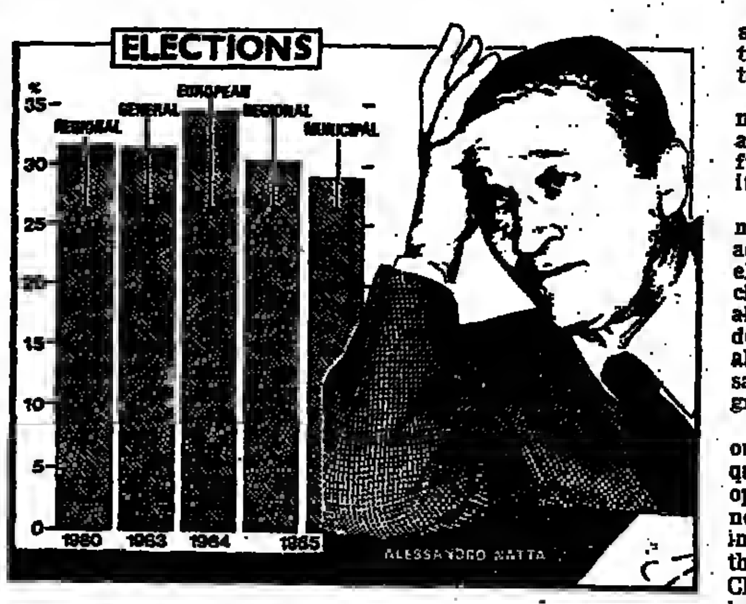
The eccord was reached at a two-day session of the Club of Paris, an informal group of Treasury officials that meets regularly to examine debt rescheduling requests.

Participants et the meeting said the agreement covers 95 per cent of the interest and principal on Zaire's sovereign debt, falling dne between January 1 1985 and March 31 1986. These amounts total roughly $550m. The creditors agreed to allow Zaire to spread repayments over 10 years, including a five-year grace period.

Before the rescheduling agreement, Zaire was to pay shont. $900m in debt service charges to official and commercial creditors in 1985 alone. The country's total outstanding external debt is estimated at just over $4bn, including $3.2bn owed to governments and multinational institutions and $830m owed to commercial banks.

James Buxton in Rome reports on the crisis facing Italy's Left

Communists back out of a blind alley



THE ITALIAN Communist Party is going through an agonising reappraisal. The central committee, the Party's internal assembly, on Thursday began a specially-convened three-day meeting at which 232 members will try to decide what the party should now do after its defeat in last week's local elections.

The results for the Communists were little short of disastrous: the official phrase was "a severe blow." Instead of advancing from the 33.3 per cent to the vote it won in the 1984 European elections, as it had confidently hoped, the party fell to 30.2 per cent in the regional elections and to just under 29 per cent in the municipal polls.

The setback calls into question whether the Communists' policy of all-out opposition to the five-party coalition Government of Sig Bettino Craxi was right, and makes yet more dubious its medium-term aim of coming to power through a coalition of parties of the left.

In e less monolithic and authoritarian party than the Communists, the leadership of Sig Alessandro Natta, Party Secretary since last June, would be in jeopardy. As it is, Sig Napoleone Colajanni, a leading Communist Senator, was bold enough to mention in public last week the name of e possible successor—Sig Luciano Lama, the shrewd and attractive leader of the CGIL union.

The size of the Communists' electoral setback should not be exaggerated. The party remains easily the second biggest in the country and its grip on the so-called red belt—the regions of Emilia-Romagna, Tuscany and Umbria in northern and central Italy—remains solid. If the party had not proudly assumed that last summer's European election result, which took the Communists past the Christian Democrats for the first time, was now their natural level of support rather than an exceptional outcome caused by sympathy following the death a few days before of their respected leader Sig Enrico Berlinguer, they would have less to lament now.

Many explanations can be advanced for the party's electoral failure last week, including sound local reasons for the voters wanting change in cities that had been under Communist-led rule for a decade.

Sig Natta, a close associate of Sig Berlinguer, is a genial but uninspiring leader given to garrulousness. His overconfident talk about how the party would insist on being asked to form a government if it overtook the Christian Democrats was a maladroit gift to Sig Ciriaco de Mita, the Christian Democrat leader. It does not explain, however, why the share of the vote won by Sig Craxi'e Socialists also went up. That is a far more worrying development for the Communists since it suggests that the electorate is content with the very moderate policies pursued by what is supposed to be a party of the left.

The Communist Party's official strategy since 1980 of the "democratic alternative of the left"—coming to power with the Socialists—now looks even more unrealistic. But in pursuit of it, the Communists under both Sig Berlinguer and Sig Natta put up unrelenting opposition to almost everything that the Craxi Government has tried to do. That, too, was rejected by the electorate who gave the governing parties e higher share of the vote.

Sig Natta admitted in an interview this week that: "The policy of the 'democratic alternative' did not appear (to the voter) to have solidity or serious possibilities as a political solution in the short term."

In other words, hte party has not only been going up e blind alley but has also offended friends which it might need if it were to try another strategy.

At the central committee meetings, Sig Natta is likely to accept responsibility for the electoral setback. But a major change of strategy is improbable; the party could not suddenly change course and abandon a policy which was sanctioned by the party congress of 1983

All those who privately, or on very rare occasions, publicly questioned the politics of all-out opposition to Sig Craxi should now come into their own. They include Sig Giorgio Napolitano, the party's Chief Whip in the Chamber of Deputies, who has long wanted to move hte party closer to the centre.

The party, however, shows little sign of wanting to go with him. Sig Berlinguer stated that the Communists did not wish to become the Social Democratic party that their moderate policies on anything from the economy to Nato would entitle them to be; nor does the party want to change its methods and its style — the secretiveness, discipline and organisation, not to mention its name, that distinguishes it from the rest of the Italian political scene. That would mean betraying the party's history end therefore its *raison d'etre*: not for nothing is the Communist Party known as the most conservative party in Italy.

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Canadian business gives budget cautious welcome

BY BERNARD SIMON IN TORONTO

CANADIAN businessmen and economists cautiously welcomed the wide range of deficit cutting measures, including substantial tax increases, announced by Michael Wilson, the Finance Minister, in his first budget.

Together with Government spending cuts proposed in the mini-budget last November, the measures are expected to trim Canada's budget deficit, proportionally one of the largest among industrialised countries, to C$33.8bn (£19.59bn) fro the C$38bn otherwise in prospect for the current fiscal year, and to C$32.7bn in 1986-87.

Mr Wilson's room for manoeuvre was limited by prospects for slower growth in the economy over the next two years and by generous tax concessions, amounting to almost C$2bn a year, announced recently for oil and gas producers.

Mr Bengt Gestrin, chief economist at the Candian Imperial Bank of Commerce, said yesterday that "there are quite hefty tax increases for a great many people at a time when the economy is rather vulnerable."

The increases include a "temporary" income tax surcharge of between 5 and 10 per cent on upper income individuals and a 5 per cent surtax on Canada's 60,000 largest companies. The corporate tax, due to apply for one year to mid-1986, is expected to yield C$450m.

Financial institutions will pay a 1 per cent tax on capital employed in Canada exceeding C$200m. The Government expects to garner C$85m from this source next year from about a dozen of tbe country's largest banks and trust companies. The tax will apply from *January 1986* until the end of 1987.

SHORT TERM PROSPECTS

(percentage increases)

	1984	1985	1986
Gross national product	4.7	3.1	2.4
Business non-residential investment	0.5	4.6	6.4
Government expenditure	3.4	0.3	1.1
Exports	19.7	4.6	3.1
Imports	15.5	4.7	3.5
Net exports (C$ bn)	0.9	0.9	0.8
Consumer price index	4.4	4.1	4.2

Source: Budget papers May 1985

Mr Wilson described high unemployment and the "spiralling" national debt as the major problems confronting the economy. Responding to rising pressure from the business community to curtail the budget deficit, he said that measures announced on Thursday should ensure that the growth of the debt is brought back into line with the growth of the economy.

The budget is the first presented by the Progressive Conservative Government since its landslide win in last September's general election and has been viewed as a crucial test of its willingness to come to grips with Canada's economic problems.

As part of efforts to move private sector spending from consumption to investment, Mr Wilson announced higher excise duties on cigarettes and liquor and a 2 cent a litre rise in fuel taxes. These increases, and various adjustments in federal sales tax, will boost revenues by about C$2.5bn in a full year.

Cuts in government spending proposed io the main budget include e C$50m in aid to *developing countries* and a substantial cut in the generous system of industrial grants and subsidies.

Mr Roger Keane, economist at the securities firm, Midland Doherty, expressed concern that political pressures would discourage the Government from implementing some of the planned spending cuts.

Mr Wilson, bowing to public concern at the number of *wealthy Canadians with little or* no tax obligation because of the availability of a system of tax shelters, said that the Government planned to introduce a minimum personal income tax next year. Details still have to be worked out.

The main plank of the strategy to increase investment and reduce the 11 per cent unemployment rate is expanded assistance to small business. As part of it, individuals will be granted a lifetime capital gains tax exemption of C$500,000. Other incentives are aimed at encouraging pension funds to invest more heavily in the small business sector.

Pakistan unveils tight budget in return for international aid

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN yesterday unveiled a draconian budget reflecting the country's determination to put its house in order in return for record international aid.

A Western aid consortium meeting in Paris earlier this month pledged a record $2.6bn (£2.06bn) in assistance but suggested Pakistan should tackle its massive energy shortage, mobilise internal resources and deregulate the economy.

Yesterday's measures for 1985- 86 included a heavy tax on petroleum products, natural gas and electricity, higher railway charges and a 5 per cent surcharge on all imports.

Mr Mahbubul Haq, the Finance and Planning Minister, announced that the Government would attempt to avoid deficit financing while relying heavily on domestic borrowing in the form of national savings schemes to fund development.

Mr Haq also announced the setting up of a deregulation commission to dismantle government controls on investment, production, marketing and sales. The commission, he said, would suggest measures to "generally free the economy."

Addressing the country's 237-member National Assembly, Mr Haq said overall expenditure would be Rs 126.88bn (£6.3bn), up 13.4 per cent over the 1984-85 level.

With more than 74 per cent of the country's internal revenue budget committed to defence, debt servicing and subsidies, the Government's room for manoeuvre is limited.

Mr Haq said that Rs 100bn of the total outlay would be funded internally and Rs 26.6bn from foreign, mainly Western aid.

Mr Haq said that railway fares and freight costs will rise by 23 per cent, petroleum and electricity will cost 10 per cent more, while the natural gas price for commercial and industrial customers has been raised.

These four items will provide Rs4.79m and a 5 per cent "educational surcharge" on all imports to expand education will generate Rs4.68m a year. The two will provide a total of Rs9.47m a year to overcome the projected gap.

The Government, for the first time, indexed salaries of 2.3m of its employees who will receive 10 to 13.5 per cent more wages from July 1, depending on their existing range of salaries. Employees in the private sector receiving wages of up to Rs1,500 a month, will get a 13.5 per cent increase.

Mr Haq said the Government will float new bonds in the domestic market to collect savings, attract foreign exchange remittances of overseas Pakistanis and mop up tax-evaded or "black" money held inside Pakistan. He expects up to Rs 5,000m from these new sources together, which will be used to meet Government expenditure.

He also expects the Government to start a programme to dispose of its shares in selected state-sector industries. The sale will provide Rs 2,000m in 1985-1986. Foreign investors will be permitted to buy these shares, which are mainly in the basic and heavy industries.

SINO-BRITISH NEGOTIATIONS ON HONG KONG

Good omens for Zhao's UK visit

BY COLINA MACDOUGALL

THE Sino-British agreement on the return of Hong Kong to the mainland in 1997 will be ratified in Peking on Monday.

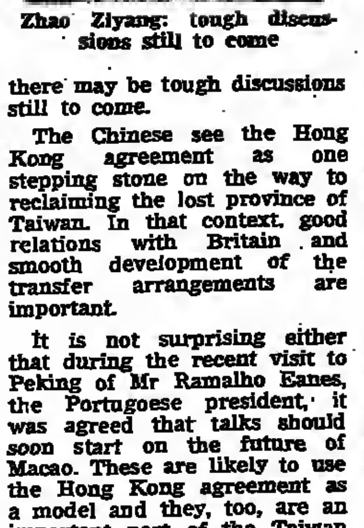
This important ceremony will be closely followed later in the week by the arrival in Britain of Zhao Ziyang, the Chinese Premier, marking a new stage in relations between London and Peking.

Zhao's visit could trigger off a flurry of new contacts, including a visit to Britain next year of Hu Yaobang, the Chinese Party leader, a trip by the Queen to China and greater economic and trade ties.

The next chapter in the Hong Kong saga is the first meeting of teh joint liaison group in London in July. The brief of this group is to ensure the territory's continuing participation in the General Agreement on Tariffs and Trade and the Multifibre Arrangement and to examine the hundreds of UK treaties in which Hong Kong is involved. Its work should lead to more understanding on the Chinese side of Hong Kong's very special trade performance and, it is hoped, to co-operation with the British side in preserving it.

The composition of the British team presented the first major hurdle to the negotiators since the drafting of the agreement ended last September. The Chinese refused to entertain the idea that Hong Kong has an independent stance and although Britain accepted this during negotiations of the agreement, it was believed important to have an experienced Hong Kong Chinese voice in the group for the next stage in which technicalities of transfer are discussed.

A neat solution, that of giving Mr Eric Ho, Hong Kong's Trade and Industry Secretary, full British citizenship, has been found to satisfy Peking. But the weeks of argument over the issue are an indication that there may be tough discussions still to come.



Zhao Ziyang: tough discussions still to come

The Chinese see the Hong Kong agreement as one stepping stone on the way to reclaiming the lost province of Taiwan. In that context, good relations with Britain and smooth development of the transfer arrangements are important.

It is not surprising either that during the recent visit to Peking of Mr Ramalho Eanes, the Portuguese president, it was agreed that talks should soon start on the future of Macao. These are likely to use the Hong Kong agreement as a model and they, too, are an important part of the Taiwan recovery programme.

Many inside and outside Hong Kong have reservations about the long term viability of the Sino-British agreement, because they doubt whether Peking will be able to resist interfering. But it is encouraging that, while serious worries remain in the territory over issues like future nationality and the development of a viable democratic system by 1997, there are indications that Peking may involve a sizeable number of Hong Kong people in drafting what will be a key document for the post 1997 era, the Basic Law — which will in effect Hong Kong's constitution.

Some confidence in Hong Kong's stability as a financial centre has returned, with the Hang Seng stock exchange index now hovering near its 1,600 plus 1981 high, after falling to around 900 last year.

The property sector has picked up, with some sites admittedly in special circumstances—selling for high prices. Investment is flowing in to industry and, although protectionism is hurting traditional exports, entrepot trade with China is booming.

With the joint liaison group question settled, the omens are good for Premier Zhao's visit. As spokesman for China's open door policy and one of the heirs apparent to leader Deng Xiaoping, he represents the stability and continuity which the present leadership seems determined to preserve.

He will be accompanied by vice-premier Tian Jiyun, one of China's new breed of senior officials, still in his fifties and with years of economic experience in Deng's home province of Sichuan. Discussion of trade and economic exchanges will play an important part in their visit.

Britain has lagged behind China's major trading partners, understandably in the case of Japan and the U.S., but just as regards West Germany, whose exports to China run at well over double the rate of the UK. The Chinese say that, with the Hong Kong issue out of the way, they are all set to buy British.

Government oil revenues fall by 26% since March

By David Lawson

THE GOVERNMENT'S daily income from North Sea oil production has fallen by 26 per cent since the beginning of March, according to figures released yesterday by the Royal Bank of Scotland.

The main reason was sterling's strong recovery against the U.S. currency and not lower dollar oil prices. The strength of the pound reduces the sterling oil price, oil values and Treasury revenues.

The Bank report argues: "While the rise in the value of sterling may be useful for a number of the Government's economic objectives, in terms of Treasury revenues from oil, it is proving an extremely expensive exercise."

The report says this trend will probably prevent the Government realising its oil revenue target of £13.5bn this financial year, but may provide some comfort for motorists "as pump prices soon could reasonably be expected to reflect the declining sterling price of oil."

The decline in revenues was slightly alleviated last month by a small rise in North Sea production. It reached an average of 2.68m barrels of oil a day as the Ninian and Magnus oilfields moved back to full production after maintenance work. The huge Forties field is producing at *well above the levels originally* expected, with an increase of 18,000 b/d to 435,000 b/d in April.

● *Saxon Oil, the fast-growing* UK oil company, is buying all the North Sea assets of Bula Resources, the Irish oil company, for £1.2m. Bula acquired the interests through the eighth offshore licensing round of 1983, but found it impossible to meet the exploration costs involved. Saxon was also done well out of the ninth licensing round, announced on Thursday. It received a share in *nine blocks*.

CEGB praises Magnox nuclear power stations

BY IAN HARGREAVES

BRITAIN'S first - generation Magnox nuclear power stations have improved performance dramatically in the last three years, helping shift the economic balance of generation costs toward nuclear power and away from coal.

The Central Electricity Generating Board says its advanced gas-cooled reactor at Hinkley Point, Somerset, is also performing well, but admits that the long-delayed reactor at Dungeness B will never cover its costs.

The CEGB 1983-84 analysis of generating costs, published yesterday, says that the message from UK experience so far is that nuclear power has established an unassailable economic advantage for the future.

The all-in generating cost of the Magnox stations taken over their whole life was 2.23p per kilowatt hour, assuming a 2 per cent discount rate, or 2.65p assuming a 5 per cent rate. A 5 per cent test discount rate is used by nationalised industries for planning purposes.

Comparative costs for coal-fired stations, the report says, were 2.53p at the lower discount rate and 2.62p at the higher, giving coal a fractional advantage of 0.3p at the test discount rate, compared with a margin of 19p at the time of the last survey, 1981/82.

COMPARATIVE GENERATION COSTS†

	Magnox p/kwh	Coal-fired p/kwh	Oil-fired p/kwh	Hinkley Point B p/kwh	Drax (first half) p/kwb
	1983-84	1983-84	1983-84	1983-84	1983-84
Capital charges, etc ...	1.35	0.42	0.94	1.21	0.45
Inclusive fuel costs ...	0.95	2.00	2.11	0.94	2.03
Other costs of operation	0.35	0.21	0.20	0.30	0.16
Generation costs	2.65	2.63	3.25	2.45	2.64

† Taken over whole plant lifetime; 5 per cent discount rate: March 1984 prices.

Oil stations were well out of line, with costs of 3.20p and 3.25p respectively. Hinckley Point B was generating at a cost of 1.99p at the lower rate and 2.45p at the higher, compared with 2.41p and 2.64p for the first stage of the Drax coal-fired station, the most modero coal station on the grid.

Mr John Baker, a CEGB board member, said the Magnox stations in 1983-84 generated 20 per cent more electricity than in the year of the previous analysis. Their economic performance had been improved by the board's decision to extend the plants' life from 25 to 30 years.

The board considered these whole-lifetime figures the most relevant for making comparisons of plant performance.

Critics of the board's enthusiasm for nuclear power will still be able to argue on the basis of the new figures that purely on experience to date, nuclear is a bad buy.

Performance figures for stations at the 5 per cent discount rate show coal in the winning position at 2.38p per kw hour, followed by Magnox, 3.60p, and oil, 2.77p. On this performance so far basis, Hinkley Point (at 2.64p) lags behind Drax's 2.46p.

The board continues to argue vigorously that in future the cheapest option is the U.S.-designed pressurised-water reactor of the type it wants to build at Sizewell, Suffolk.

Stansted airport decision soon

By Michael Donne, Aerospace Correspondent

A GOVERNMENT decision on the development of Stansted Airport in Essex, and a fifth passenger terminal at Heathrow, is expected to be announced in the next two months in the projected White Paper on Airports Policy.

Suggestions yesterday that a decision to expand Stansted had already been taken were discounted in Whitehall, as all the options were still under detailed consideration.

Nevertheless, opinion in the civil aviation industry is that the Government will hava little alternative but to develop Stansted, at least to a limited extent (perhaps from the present capacity of 2m passengers a year to about 5 to 7m passengers a year) to meet the anticipated growth of air traffic.

Stansted has one of the longest runways in the country, and would only need limited additional terminal capacity to be able to cope with 5m to 7m passengers a year.

The recent Gallup Poll taken around Stansted indicates that, in spite of the vociferous environmental lobby that has opposed any growth there, a growing body of local opinion accepts that some expansion is necessary, if not even desirable, for improved employment and other reasons.

The Government's bigger airports policy problem is likely to be whether to develop a fifth passenger terminal at Heathrow, catering for 15m passengers a year and raising that airport's capacity from 38m to 53m passengers a year.

The fourth terminal there, now under construction, will lift capacity from 30m to 38m; and will become operational early next year.

Even that development, however, is already threatening to swamp surrounding roads, including the M25 motorway, and other service facilities, and another 15m passengers a year, with all their associated demands, would create far worse problems.

The Heathrow environmental lobby is moreover much larger than that round Stansted, and could cause the Government more political problems.

No relief on VAT for bad debts

By Andrew Arends

THE GOVERNMENT'S refusal to extend VAT relief to traders in the case of bad debts could put many small companies out of business.

Mr Neil Hamilton, a Conservative backbencher, speaking in the Committee Stage of the Finance Bill, said that a single large bad debt was a frequent cause of the failure of a small business.

He was introducing an amendment to the Bill extending bad-debt relief for VAT if the debt had been outstanding for more than six months.

Mr John Maples, another Tory backbencher, supporting Mr Hamilton, said that in the case of an absolute loss by traders in the case of a debt there was no VAT relief unless that company became insolvent.

He wanted to know if the Government could find some mechanism for businesses to recoup the tax paid that they subsequently cannot recover.

Mr Hamilton was also supported from the Labour back benches by Mr Dale Campbell-Savours, who said that the provisions were an unreasonable imposition on traders. Perhaps the liability to pay VAT could be transferred to the ultimate customers, he suggested.

Replying for the Government Mr Peter Rees, Treasury Chief Secretary, said it would be wrong to saddle Customs and Excise with the responsibility of chasing down the final taxpayer.

This would transform the face of customs and entail considerable costs and extra staff.

However, he said, if members of the committee could draft a watertight amendment at the Report Stage to provide such relief, he would look at it with an open mind. But he said it was essential that tax provisions were simple and easy to understand.

Call to speed up co-op merger

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MOVES to bring about a merger of the two largest co-operative organisations, creating a retailing and manufacturing group with annual sales of more than £3bn, will be made this weekend at the annual Co-operative Congress meeting in Bournemouth.

Delegates will be asked to support a resolution expressing concern that the proposed merger has still not taken place about three years after it was first announced.

The aim of themerger would be to bring together the Co-operative Wholesale Society and Co-operative Retail Services to form a base from which the co-op retail movement could trade more competitively in the High Street.

The CWS is traditionally the manufacturing and wholesaling arm of the co-op movement but over the past few years it has increasingly been forced to rescue retail societies in trading difficulties. In the last year it has taken over the loss-making South Suburban and Royal Arsenal retail co-ops which, together with a significant share of Scottish retail co-op trade, makes it the second largest co-op retailer.

THE John Lewis Partnership of department stores is considering opening its two big London stores on Saturday afternoons. The John Lewis store in Oxford Street and Peter Jones in Sloane Square both close at lunch-time on Saturdays.

In the year ending January 12, 1985, the CWS reported sales of £2.16bn and trading profits of £19.5m.

CRS was usually the co-op movement's rescue vehicle for ailing retail societies but since its takeover of the London Co-op in 1981, it has been less able to cope with others' trading problems. But CRS, with annual sales of £970m, is still the world's largest retail co-op.

The idea of a merger was first put forward in 1982 as part of a plan for the 100 retail co-ops in Britain to merge into 25 large regional retail groups.

Although talks between the two bodies have continued, the link-up has been delayed by the constitutional problems of merging the two organisation. A great many retail societies have to be consulted about big changes.

In what is likel yto be a long and heated debate, delegates will be asked to support a resolution asking the two organisations to speed up their discussions, and to provide their members with full and detailed reports of those discussions so the talks can be completed.

The Co-operative Union, which acts as the co-ordinating body for Britain's co-op movement, is thought to have put forward proposals that could help break the deadlock.

Littlewoods pre-tax profits rise 77%

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE LITTLEWOODS Organisation, one of Britain's largest privately-owned companies, has announced a 77 per cent increase in pre-tax profits for 1984 in spite of a sharp fall in profits from its retail chain stores division.

For the period ending December 31, 1984, the mail order chain stores, and pools divisions produced sales of £1.529bn—the same as in the previous financial year.

Pre-tax profits for 1984 totalled £47.6m compared with £26.9m in the previous year.

The main reason for the increase was substantially improved profits from the mail order division. From sales of £676m (£696m in 1983), mail order profits rose from £15.9m to £35.7m. The pools division, with turnover up from £370m in 1983 to £390m last year, increased its pre-tax profits from £11.2m to £11.8m.

The chain stores produced no sales growth. Turnover was £463m in both the last two financial years, but pre-tax profits were down from £5.5m to £1.5m.

Earlier this year problems with its chain store division led Littlewoods to plan about 800 job cuts. The company blames poor stock control for part of its retailing failure and says measures are in hand to remedy the fault.

Spain cracks down on air charter ploy

By Arthur Sandles

SPANISH authorities have taken unexpected action to stem the flow of cheap seat-only charter passengers into Spain from northern Europe, especially Britain.

Teams of Spanish officials have been checking arriving flights to ensure that passengers have documentary evidence that they are on package tours and are not simply using the flights as a cheap alternative to scheduled carriers like Iberia, British Airways and Lufthansa.

The move has surprised the travel industry since Spain is suffering from a shortage of visitors.

More than 1.5m seat-only sales will be made on the *British market* this year, perhaps 1m of those to Spain. In theory, they involve the purchase of accommodation and to fulfil this legal need passengers are issued with a voucher for a £1 fee.

This voucher is often for the rental of a flat which the *passenger already owns or for* bed and breakfast accommodation in some unlikely dormitory hostel which all concerned know will never in fact be used.

The Spaniards are checking flights and passengers not having these vouchers—many people just throw them away—*are questioned further.* In the absence of any package tour evidence, the airline is fined Pta 10,000 (just under £50)—not very much less than the airline has received in the first place for off-season flights.

Farm research levy proposed

BY ANDREW GOWERS

THE GOVERNMENT proposed yesterday that farmers should pay an extra levy on production to fund agricultural research and development. The move marks a further step in the Government's general policy of cutting its agricultural spending and of encouraging farmers to pay more for advisory and research services.

Mr Michael Jopling, the Agriculture Minister, said in a Commons written reply that to fund research and development, statutory farming bodies might levy their members and determine work programmes they wish to sponsor.

This would be carried out by such bodies as the milk, wool and potato marketing boards, the Meat and Livestock Commission and the Home-Grown Cereals Authority. For sectors without statutory bodies, alternative arrangements would be made after consultation with the industry.

Many farmers already pay a levy of some kind to support research, but Mr Jopling's proposal would almost certainly bring a sharp increase.

Mr Jopling announced in January that he intended to cut the £180m a year of public spending currently devoted to agricultural research and development by £30m over two years, starting next financial year. Spending on advisory services would be reduced by £20m in 1987-88.

In line with this constraint, the Agricultural and Food Research Council—the main government-funded body in this area—has proposed reducing the number of its research *stations from 27 to 10 or fewer* and streamlining its management.

The proposals have unleashed uproar in the farming industry, which insists that spending on research must be maintained to preserve the competitiveness of British agriculture.

Farmers' representatives are keen to ensure that if government funding is reduced and they have to pay for services, there should be no erosion of overall research activity, and no time-lag between the reduction in government support and the development of alternative funding.

"It is sometimes assumed that once you have food surpluses, the agricultural problem has been solved, and you can reduce your research," a National Farmers' Union official said yesterday. "This is not the case."

Mr Jopling also proposes that farmers should pay for the help they receive from his ministry's Agricultural Development and Advisory Service. He said yesterday, following soundings within the industry, that this idea had not been opposed in principle, although some people were concerned about the possible level of the charges.

The total cost of ADAS in the financial year 1983-84 was £125m, some of which overlaps the research budget. Mr Jopling wants farmers to meet about 20 per cent of this by 1987-88.

Pearson report wins award

By Lionel Barber

PEARSON, the banking, publishing and industrial group which owns the Financial Times, has won the award for the best set of 1983 annual report and accounts from the Society of Investment Analysts.

The society examined 600 annual reports and selected Pearson's as providing the best information for the professional user.

Four other companies won awards for their annual reports in specific sectors: UBM, the builders' merchants, in capital goods; BP Bulmer, the cider manufacturers, in consumer goods; Stewart Wrightson, the insurance brokers, in finance; Shell Transport and Trading, in mining finance, oil and trading.

Pearson won the award for miscellaneous companies before being selected as overall winner. The awards were presented in London yesterday by Mr Jonathan Miller, the society's chairman and a partner in Fielding Newson-Smith.

Carphone offers rival system

By Jason Crisp

ONE OF THE leading suppliers of car telephones on the Cellnet system has unexpectedly started offering a similar service on the rival Vodafone network.

The Carphone Group is the first company to offer customers mobile telephones on the two rival cellular radio networks.

The two cellular systems started service at the beginning of the year and have 12,500 customers between them. The cellular radio systems have a much larger capacity than conventional mobile telephones, and the equipment is cheaper.

Vodafone, part of Racal, is thought to offer its retailers a better margin on telephone-call charges than Cellnet, a joint venture with British Telecom and Securicor. This is particularly *important in the longer* term, as mobile telephone equipment prices are expected to fall next year, and the retailers' margins will be squeezed.

Row continues over RUC deaths

THE IRISH Foreign Minister said yesterday it had been told by the British Government that there was no evidence as to how the bomb which killed four RUC officers on Monday was detonated; or from where the explosives or bombers originated.

The latest development appeared to isolate Sir John Hermon, the RUC Chief Constable, who has been the subject of angry cross border exchanges since he suggested that the killings highlighted the need for increased security co-operation between the police forces on both sides of the border.

The British Embassy in Dublin denied any involvement in conveying information to the Irish Government, while the Northern Ireland Office and Foreign Office said they had no knowledge of the affair.

The row has obscured the basic complaint from Sir John that he and Mr Laurence Wren, the Garda Commissioner, have not met for over two years. Whether the row will hasten such a meeting, or postpone it further, remains to be seen.

Examination of the various statements shows little actual dispute as to the facts. The RUC statement that the bombing originated in the Republic was based on the pattern of previous attacks and did not claim specific evidence.

The RUC said yesterday that they had nothing to add to their original statements, but the authorities in the Republic have reacted badly to what they see as attempts to pressurise them into a meeting between the police chiefs.

There is considerable anger in Northern Ireland that the deaths of four officers, including a woman, were obscured by the wrangle and some of the blame for this will attach to Sir John. Beyond that, the British Government may become more insistent that the police commanders should bury their differences and resume the once regular contacts.

Inward flow of investments set record last year

BY ANDREW ARENDS

INWARD INVESTMENT in Britain was a record last year, creating more than 28,000 jobs and preserving nearly 18,000 others, according to Mr Norman Lamont, Minister of State for Industry. The Minister was commenting yesterday on publication of the 1984 Invest in Britain Bureau report.

The report shows 285 foreign-owned companies decided to locate in the UK or to expand operations in this country. This represents a 36 per cent rise and compares with 210 such companies the previous year.

Mr Lamont said the UK was now the "preferred location" for international companies considering investment in Europe. He cited the latest figures showing that Britain attracted 39 per cent of total U.S. investment in Europe (including the oil sector) last year.

Between 1951 and 1983, the UK accounted for nearly 50 per cent of cumulative Japanese investment in the European Community.

Invest in Britain Bureau figures show the U.S. remains far and away the largest foreign direct investor in the UK. Between 1980 and 1982 annual U.S. direct investment averaged £800m a year, accounting for more than 50 per cent total inward investment, excluding oil. Over the same period, Japanese investment accounted for barely 2.7 per cent of total investment, or roughly £41m a year.

Moreover, since the late 1970s, the pattern of investment has changed, while net direct inward investment has risen by nearly 7 per cent from an average between 1977-79 of £1.44bn a year to £1.54bn annually between 1980-82.

Between 1977 and 1979 countries in the European Community accounted for £251m a year in UK inward investment, nearly 18 per cent of the total. However, between 1980 and 1982 these countries accounted for less than 4 per cent of the total, or less than £60m a year.

Over the same period, investment from the rest of the world (excluding Japan and western Europe) doubled from 10.6 per cent of total inward investment to 25.3 per cent, or from an average of £152m a year between 1977-79 to nearly £400m a year between 1980-82.

Invest in Britain Bureau is co-ordinating a campaign to attract foreign investment. Mr Lamont said yesterday that "in the face of increasing competition from the rest of Europe, we must work even harder to sell Britain overseas."

BSC expands Cleveland blast furnace workforce

FINANCIAL TIMES REPORTER

BRITISH STEEL has taken on 122 people at its Cleveland works because of an increase in blast furnace operations there.

In spite of the large number of redundancies in the steel industry on Teesside in recent years, most of the new employees were recruited through the local unemployment register and have no previous steel making experience. The rest were BSC apprentices and Youth Training Scheme recruits.

BSC said the last redundancies among blastfurnacemen in the area occurred in the late 1970s, and those men had either retired or found other jobs.

The vacancies arose because BSC plans to shut down its big blast furnace at Redcar in April for a £55m refurbishing. As a result, the corporation needed to develop other sources of iron for the Lackenby steelworks.

The solution is to use the two small furnaces at Cleveland and operate the steelworks at much reduced level. The Cleveland furnaces have the capacity to make about 5,000 tonnes a week each—much less than the Redcar furnace, which produces 10,000 tonnes a day.

Normally only one of the two Cleveland furnaces is in operation, making either pig iron for the foundry industry or ferro-manganese, an additive in steelmaking. The second has now been started, so that stocks of these products can be built up. Then, when the Redcar furnace goes down, the two will switch to production of molten iron for Lackenby.

Import ban on asthma drug lifted

By Raymond Hughes, Law Courts Correspondent

AN INJUNCTION stopping Generics (UK) importing from Italy an asthma drug patented by Allen and Hanburys has been lifted by the Appeal Court.

Allen and Hanburys, part of the Glaxo group, had sued when Generics began importing the drug Salbutamol, marketed by Allen and Hanburys under the name Ventolin.

Last December, the Patent Court ruled that it would be an infringement of Allen and Hanburys' patent to import the drug, as it was marketed in Italy without Allen and Hanburys' consent.

The appeal judges said there could be no infringement because Generics had applied for a "licence as of right" under the Patents Act to market Salbutamol in the UK.

Since the Patent Court's ruling, the Appeal Court had decided, in a dispute between Beecham and Gist Brocades, a Dutch drugs company, that a licence as of right operated from the time it was applied for—even though its terms might not then have been settled.

On the basis of that ruling, Lord Justice May said, Generics could not be said to be infringing until the terms of the licence were known.

Allen and Hanburys said later it would challenge the decision in the Lords. It expects the appeal to be linked with that in the Beecham and Gist-Brocades case in July.

Healthy growth in low-calorie foods

BY DAVID FISHLOCK, SCIENCE EDITOR

SALES of low-calorie foods and drinks in the UK exceeded £771m last year, with consumption growing at about 4 per cent, according to the Food Research Association.

The market is highly innovative, especially in low-calorie alternatives to traditional products, the research association concludes in a report compiled by Ms Moira Hilliam of its market information service.

The three products most sold in the UK are low-fat liquid milk, worth £200m last year, followed by yoghurt (£151m) and low-calorie soft drinks (£133m). Artificial sweeteners had sales of only £21m.

Consumer taste is shifting from specific slimming foods to a generally healthier diet, the report said. More fibre, and less fat and sugar, add up to a net reduction in calorie intake, so food manufacturers are tending to promote the virtues of health and fibre content.

Low-fat foods are advertised to appeal to "trimmers" rather than slimmers, who are defined as those "interested in healthy eating and reducing fat in their diets."

Low-fat milk sales have doubled in a year, from £100m in 1983, but the study sees plenty of scope for further growth. It cites France where 63 per cent of all milksales go into low-fat milk, compared with only 8 per cent in the UK.

Low-fat spreads have expanded from £2m sales in 1977 to £40m by 1983—6 per cent of a yellow fat market worth £720m that year. Butter held 54 per cent of the market and margarine the remaining 40 per cent.

The report says the consumer has been confused by the health arguments surrounding yellow fats. The so-called health margarines such as Flora are no lower in calories than butter or other margarines. But low-fat spreads have less than half the calories.

The report concludes that there are about 11m slimmers in the UK at any one time.

Low-calorie foods in the UK. Leatherhead Food Research Association, Randalls Road, Leatherhead, Surrey. £36.

Ready-made meals boom

A RECORD £345m was spent on ready-made meals in Britain last year and future growth could make home cooking a thing of the past, a report on convenience foods by Mintel, market research group has said.

By the 1990s, consumption will have reached three times the current level, which now accounts for 1.5 per cent of consumer spending on food.

Frozen meals will take an estimated £195m share of the market in 1985 although consumers think chilled meals offer higher quality. Canned ready meals lag a long way behind in popularity, with dried ready meals the least popular.

Companies link in £27m oil rig deal

By Maurice Samuelson

KCA DRILLING, an independent oil drilling and engineering company, has joined forces with Sweden's STC Venture AB in a $34m (£27m) deal to acquire and operate the jack-up drilling rig, STC Platon, built in 1982.

KCA will own 60 per cent of the company and STC Venture 40 per cent. The three-legged jack-up rig would be renamed after handover from its current contract in the Dutch sector of the North Sea in August.

Expansion into jack-up and semi-submersible activities has been the declared intention of KCA since it was the subject of a management buy-out by six senior executives in late 1983.

In addition to its own drilling ship, due to sail from Spain to the Red Sea shortly, KCA has three drilling rigs aboard North Sea platforms carrying out work for Mobil.

Activities on shore include the use of a new quiet drill in environmentally-sensitive areas

Building land rules upheld

GOVERNMENT instructions to local authorities to make sufficient building land available to meet the demand for new homes have been upheld by the High Court.

The House-Builders' Federation had taken Hertfordshire Council to court over its policy of phasing the release of building land over several years rather than all at once.

Christopher Parkes finds lino and vinyl makers in the doldrums

Wall-to-wall worries in the flooring trade

BATTLING AGAINST the plush tide of carpets and the irritating encroachment of what the industry calls "junk" from Spain and Yugoslavia, the West European vinyl flooring and linoleum business has been stuck in the doldrums for the past five years.

In Britain, for example, annual sales have been ticking over at around 34m square metres since 1980. Over-capacity is common throughout Europe and manufacturers have found themselves running ever harder to keep up with the fickle demands of fashion and at the same time to prevent further erosion.

Their concentration on these day-to-day troubles was broken this week by the announcement that Forbo, the Zurich-based group, is to take over Nairn International, a company from Unilever's oddments department, which is the UK's leading maker of floor and wall coverings.

Not that the sale came as a surprise; Forbo and Unilever first made contact about two years ago when it became clear that the Anglo-Dutch group was keen to be rid of its peripheral activities.

Tarkett, a subsidiary of Swedish Match and a leading European flooring maker, also showed interest before plumping for GAF of the U.S. This purchase came complete with a huge flooring factory on the outskirts of Dublin and, more importantly, on the threshold of the EEC.

The acquisition will increase Forbo's turnover from SwFr 605m (£185m) to about SwFr 900m, the company said yesterday. It will also tighten the group's grip on the European market. It now has manufacturing plant in the UK, West Germany, France, and the Netherlands, as well as factories in Switzerland, Austria, Sweden and Mexico plus sales companies around the world.

Apart from gaining broad market leadership in the UK, the acquisition has allowed Forbo to pluck two plums—most of Britain's linoleum manufacturing capacity and a strong chance of winning the Government's annual so-called "lino contract."

It has become something of a tradition that the Government's annual block order for floor coverings for hospitals and other public buildings has gone to Nairn. The value—doubtless substantial—is secret.

Vinyl flooring: tough times ahead for manufacturers

Citing the Treaty of Rome, which demands free competition for this type of deal, Forbo and DLW of West Germany have been trying for some years to loosen Nairn's grip.

But the linoleum business may be of even greater long-term worth. Even though traditional lino has lost considerable ground to vinyl products, some in the industry claim it is one of the few sectors showing real growth.

Still made from a pungent mix of linseed oil, cork, wood powder and other alchemical compounds, lino has been staging a modest comeback in the past three years. Favoured by the contract market, its UK sales have been increasing by about 2m square metres a year, according to industry experts.

It is popular with architects and designers who like its "natural" attributes and extraordinary durability.

A dropped cigarette, for example, may burn a hole through vinyl. Lino shrugs off the scorch. At Nairn's plant in Kirkcaldy they boast of gleaming corridors still fitted with lino laid 30 or 40 years ago.

The product is also expected to benefit from a turning of the tide against carpets in hospitals and similar buildings. While lino needs more maintenance, carpets are losing favour because of their tendency to breed bacteria and other unwelcome life forms.

About 21 per cent of Forbo's present turnover comes from this product, and Nairn is by far the biggest manufacturer in the UK.

In the market at large, however, the main battle is being fought in the kitchens, bathrooms and living rooms of Europe. Vinyl sheet and tiles in their various forms dominate the household market and, in Britain at least, account for 85 per cent of contract business.

The industry seems divided about how best to cope with stagnation and the fierce competition for market share. For example, Marley of the UK, which has about 20 per cent of the home market, sees great opportunities overseas in warmer climates.

Others point out that Sweden — hardly tropical — has the highest vinyl consumption per head in the world. Herr Albert Bischof of Forbo's management considers there is still room for expansion close to home. "We must always be active even in a stagnating market," he says. "The industry has always had slight growth rates."

Such statistics as there are seem to support the idea that there is still room for growth in Europe. The British, for example, buy only one-third as much as the Swedes. And only the Spanish and Italians buy less than the British.

Herr Bischof, who maintains that vinyl and lino floors are more popular around the house in Europe, claims that the trend to carpet has gone into reverse. Vinyl and lino have regained ground in the bathroom, for example, mainly for hygiene reasons.

Pressure of competition has also activated manufacturers in other areas. Vinyl manufacturers have introduced flooring in 3m and 4m widths, largely putting an end to unsightly seams. Inclusion of a glass fibre layer in the lamination has helped prevent buckling and keeps the surface flat.

There has also been rapid progress in design following improvements in colouring, printing and laminating techniques. Armstrong, an offshoot of Armstrong World Industries of the U.S., which claims up to 25 per cent of the UK retail market and exports 69 per cent of its British output, has been particularly busy.

The company was quick to recognise the growth of fashion-consciousness in Britain and brings new designs to market every two years as a matter of policy.

It has also adopted an aggressive marketing stance which has raised eyebrows among some competitors because of its clear focus on promoting the product directly to the consumer through TV advertising rather than through the traditional route of aiming primarily at the distributors.

The company's pictures of a rhinoceros charging through a brick wall, and more recently failing to do the same with a sheet of Armstrong flooring, may well give the public a powerful idea of the look and durability of the product. They also give a fair impression of the resilience of this unglamorous but far from downtrodden industry.

Sir John Cuckney becomes Royal Insurance chairman

Sir John Cuckney has been elected chairman of ROYAL INSURANCE following the retirement of Mr Daniel Meinertzhagen, who has been chairman for the past eleven years. Sir Anthony Tuke has been re-elected deputy chairman. Sir John is chairman of Thomas Cook and a director of Midland Bank. He is also chairman of John Brown, and deputy chairman of TI.

★

Mr C. H. Black has been elected deputy chairman of the court of directors of SCOTTISH WIDOWS FUND AND LIFE ASSURANCE SOCIETY in succession to Sir Michael Herries whose term of office has expired. Sir Michael continues as an ordinary director of the society. Mr Black also becomes, ex-officio, a director and deputy chairman of the Society's subsidiary companies, Pensions Management (SWF), Scottish Widows Unit Funds, and Scottish Widows Fund Management, in place of Sir Michael.

★

HOGGETT BOWERS has a new main board structure. The chairman, Mr John R. Featherstone, becomes chairman and chief executive and, together with Mr R. D. Howgate, Mr H. W. Fitzhugh and Mr G. T. Walker, will form the operations committee of the board. Mr R. R. Varley will continue as a main board director responsible for development and strategic planning. The company's associate directors will assume additional and specific responsibilities for day to day management and development of the business. To assist in achieving this objective, Mr J. C. Brown and Mr J. L. Moore have stood down from the main board. They will continue as associate directors together with Mr G. Sable, Mr A. D. Kelly, Mr E. Sutton and Mr P. A. Adderley. In addition, Mr J. G. Kilvington has been appointed an associate director.

★

Dr James Ewart Henderson has been appointed chairman and chief executive of MASTIFF ELECTRONIC SYSTEMS, Cranleigh. He was managing director.

★

BLANKSTONE SINGTON AND CO, stockbrokers, has appointed Mr Michael Carl Taxman as a partner. He has been with the firm since April 1978 and became a member of the Stock Exchange in 1981.

★

Mr Richard A. Chamberlain has been appointed ICL group treasurer in succession to Mr John Bishop who took up a similar position earlier this year with STC, the ICL Group's parent company. Mr Chamberlain joined ICL in France in 1979 and has been deputy treasurer since 1983.

★

TILNEY, stockbrokers, has made the following partners: Mr A. K. Richard Jacomb, who will be in charge of the Shrewsbury office; Mr Philip C. Okell, and Mr John D. Norbury, who will be in the main office in Liverpool.

★

Mr Robin Powell has been appointed managing director of Colbrook Equipment, Alton, following the retirement of Mr Donald Ringe. Mr Powell was managing director of Vokes Air Filters, a subsidiary of the DCE Vokes Group.

★

GOODHEAD PRINT GROUP has appointed Mr Michael Franks as non-executive deputy chairman and Mr Owen Cawser as a non-executive director. Mr Franks is chairman of Schwarzkopf UK and a director of several other companies. Mr Cawser joined Investors in Industry in 1960 and holds a number of directorships in companies in which Investors in Industry have investments.

★

Following acquisition of Californian company Leisure Time Chemical Corp. by LAPORTE INDUSTRIES, Mr Stan Freeman, who founded Leisure Time, will head a new international division, based in Laporte's London headquarters, which will develop its interests in pool and spa chemicals.

★

BERKELEY EXPLORATION AND PRODUCTION has appointed Viscount Torrington, Mr G. A. Clark Hutchison and Mr T. A. T. Lodhi as directors.

★

ECOBRIC HOLDINGS has appointed Mr Ronnie Aitken as non-executive chairman and Mr Leslie Jones has become deputy chairman. Mr Graham Errington has been appointed finance director.

★

Mr Brian Shaw, chairman and managing-director of the Furness Withy Group, has been elected president of the general council of BRITISH SHIPPING. He succeeds Mr William Menzies-Wilson, chairman of Ocean Transport and Trading. The new vice-president is Mr W. Garry Runciman, chairman of Walter Runciman and subsidiary companies.

★

Dr José Casa Nova, general manager and UK representative of BANCO NACIONAL ULTRAMARINO will be leaving London shortly to take a new post at the Lisbon head office as general manager of the marketing division. His successor will be Mr Alvaro Vasco de Gama Rocha e Castro, vice-president, who has been in Paris with Banque Franco-Portugaise as representative officer of BNU.

★

CLARKSON PUCKLE WALES, a member of the Clarkson Puckle Group, has appointed Mr C Raymond Cory as non-executive chairman. He takes over from Mr Ronald G. Draper, who will continue as a consultant. Mr Cory is chairman of John Cory and Sons, Milford Haven Conservancy Board, and vice chairman of A. B. Electronic Products Group.

★

The ROYAL BANK OF SCOTLAND GROUP has appointed Dr Tom Johnston, principal and vice chancellor of Heriot-Watt University, as editorial adviser to the Group's quarterly journal, The Three Banks Review. He will succeed the late Professor Alan Prest.

★

Mr Mark F. Andrea has been elected chairman of HALLSWORTH in place of Mr R. C. Bilobrough, who has resigned and has severed his connection with the company.

★

From May 20 the officers of the NATIONAL ASSOCIATION OF PENSION FUNDS will be: chairman, Mr Colin Lever (Bacon & Woodrow); vice-chairman, Mr Clive Hopkins (Shell International Petroleum Co); vice-chairman, Mr Geoffrey Musson (Merchant Navy Officers' Pension Fund); and hon treasurer, Mr Mike Beaumont (Westland).

★

Mr David Baggaley has been appointed to the board as director of finance of ABBEY LIFE ASSURANCE. He was finance director of National Girobank.

ECONOMIC DIARY

MONDAY: EEC Agriculture Ministers hold informal meeting in Sienna (until May 28). China and Britain exchange ratification documents returning Hong Kong to Chinese rule in 1997. Mr Patrick Hillery, Irish President, begins state visit to Australia.

TUESDAY: EEC Culture Council meets in Brussels. President Reagan announces tax reform plan.

WEDNESDAY: Balance of payments current account and overseas trade figures (April). Detailed analysis of employment, unemployment, earnings, prices and other indicators. EEC Economic and Social Committee in plenary session in Brussels (until May 30). International Labour Organisation conference in Geneva. President Reagan has talks with King Hussein of Jordan on the Middle East. National Association of Head Teachers annual conference in Scarborough (until May 31). Employment Institute lecture on "Sound currency and full employment" at Kings College, WC2.

THURSDAY: Energy trends (March). New vehicle registrations (April). Overseas travel and tourism (March). EEC standing committee on employment meets in Brussels. U.S.-Soviet arms talks resume in Geneva. OECD economic report.

FRIDAY: Finished steel consumption and stock changes (first quarter—*provisional*). Car and commercial vehicle production (April—final). Unemployment and unfilled vacancies (May). Company liquidity survey (first quarter).

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Bank Hapoalim	12½%	Midland Bank	12½%
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Choulartons**		Standard Chartered	‖12½%
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Citibank Savings	¶12½%	Trustee Savings Bank	12½%
Clydesdale Bank	12½%	United Bank of Kuwait	12½%
C. E. Coates & Co. Ltd.	13½%	United Mizrahi Bank	12½%
Heritable & Gen. Trust	12½%	Westpac Banking Corp.	13 %
Comm. Bk. N. East	13 %	Whiteaway Laidlaw	13½%
Consolidated Credits	12½%	Williams & Glyn's	12½%
Co-operative Bank	*12½%	Yorkshire Bank	12½%
The Cyprus Popular Bk.	12½%		
Dunbar & Co. Ltd.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
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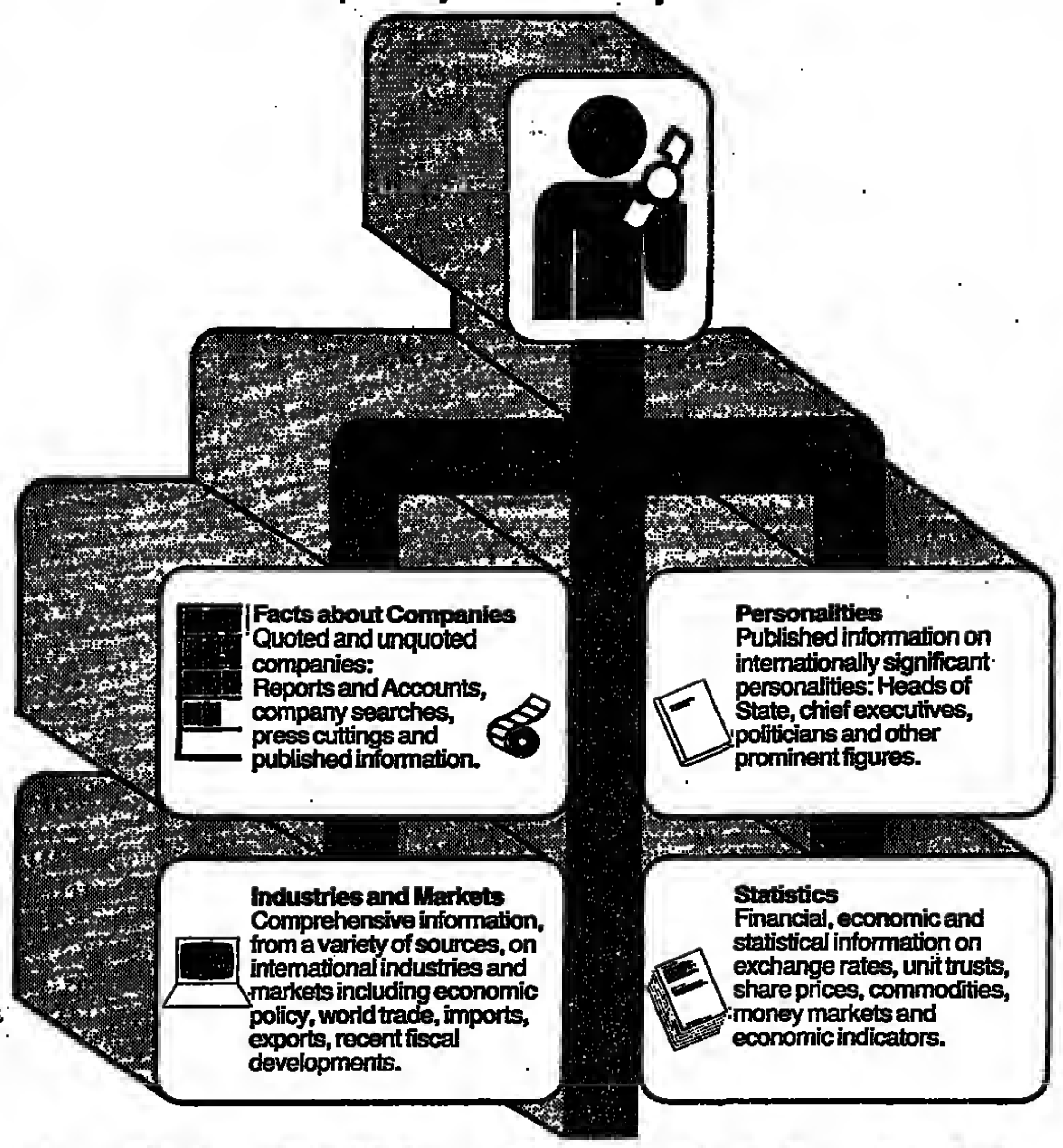

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Reed Executive	8/83	+323
London Eur. Airways	11/84	+300
Antofagasta Hldgs	9/83	+248
Grattan	6/83	+248 †(17)
Microgen	1/84	+245
Wolstenholme	10/83	+220
Dee Corp.	5/83	+217
High Point	12/83	+204
Vickers	7/83	+202
Falcon Res.	10/84	+199
Appledore, AP,	10/84	+195
Bridon	6/83	+188 †(22)
Aero Needles	12/83	+183 †(2)
AE	11/83	+181 †(17)
Delta Group	5/83	+180
Wolstenholme	10/83	+180**
Bath & Portland*	8/83	+178*
Booker McConnell	8/83	+164
MCD Group	5/83	+157
Bleasdale	3/84	+150
Waterford	6/83	+150 †(21)
Argyll Group	9/83	+148
Cope Allman	12/83	+140
Low & Bonar	9/83	+140
Nell & Spencer	6/83	+138 †(9)
Rotaflex	10/83	+138
Home Charm	3/84	+136
Brammer	11/83	+132 †(16)
Coats Patons	11/83	+126 †(16)
RHM	10/84	+121
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Bridport-Gundry	11/83	+109
Low & Bonar	9/83	+108**(7)
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BET ††	6/83	+99
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Rotork	11/83	+94
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Doncaster pits to shed 2,500

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE National Coal Board announced further job losses yesterday as part of its post-strike review programme, telling coal unions in the Doncaster area that 2,500 jobs are to go by the end of next March.

All the NCB's constituent areas are to make announcements about their capacity by the end of this month, having completed management assessments of the state of the pits after the year-long strike by members of the National Union of Mineworkers.

Announcing the job losses, Mr Albert Tuke, the NCB's Doncaster area director, said that at this stage, closures of pits in the area could be avoided.

He told the three mining unions that about 300 of the required 2,500 had already left, and transfers and voluntary redundancies covered the projected losses.

But the level of manpower reduction next year would depend on improved colliery performance, and told the unions that coalface productivity should rise from 8¼ tonnes a man to 12¼ to match pits in surrounding areas.

The NCB says the strike affected Doncaster pits more seriously than other areas because of their depth, the danger of spontaneous combustion and because union militancy in the area meant that no regular safety cover had been provided during the strike.

At the strike's start, the area had 39 producing faces. When it ended only 24 were recoverable. So far, 22 have resumed production, and the NCB believes it will be possible to recover capacity at a total of 30 faces, including new ones.

Mr Tuke told the unions that the replacement value of equipment lost because of the strike would be more than £20m, and the total cost of recovery in the area could generate losses as high as £80m by the end of the present financial year.

Output in the area is expected to be less than 5m tonnes this year, compared to a normal production level of 6.5m tonnes.

Details of the colliery manpower reductions are: Askern (500 out of existing 1,251); Bentley (150 from 1,013); Frickley (400 from 1,700); Goldthorpe (80 from 690); Hatfield (220 from 1,320); Hickleton (140 from 350); Rossington (70 from 1,420); and Yorkshire Main (230 from 1,430). Markham Main would be unchanged.

● Pit deputies walked out of Kellingley colliery in Yorkshire yesterday over the NCB's decision to cut bonus payments to those operating the overtime ban called by their union, Nacods.

Production was halted and 11,000 tonnes were lost. Mr Peter McNestry, Nacods general secretary, said the NCB was again taking a harder line with the deputies than with the NUM.

Mr David Hunt, coal minister, said on a visit to Yorkshire's new Selby pit complex that he could see no justification for continuing industrial action in the industry.

Conversations with men underground had confirmed his view that the Nacods' action had placed the industry in a "crazy situation" because it was taken when the union was near to reaching agreement on a new pit review procedure—the issue at the heart of Nacods' action.

Notts men beat NUM election ban

By Our Law Courts Correspondent

FORMER striking miners in Nottinghamshire have defeated an attempt to bar them from standing for office or voting in pending area and branch elections.

A High Court judge yesterday ruled that decision by the Nottinghamshire NUM executive to charge a "readmission fee" for the return of full union rights to former strikers was invalid.

Mr Justice Nolan said that during the stoppage the union had led those on strike to believe they retained full financial membership, even though they were not paying their union subscriptions. It could not go back on that.

This year's elections in Nottinghamshire could now be a "free-for-all contest."

In Nottinghamshire, 73 per cent of miners voted not to support the strike, but about 10,000 in the area came out when the stoppage began in March last year and nearly 3,000 were still out 12 months later.

The area executive decided that any who had not paid subscriptions during the strike would only be readmitted if they paid 50p a week for every week, after the first eight, of the strike.

Because of the timing of the decision and a union rule that prevents anyone voting or standing for election within 13 weeks of being readmitted, large numbers of strikers faced being disenfranchised.

● Nottinghamshire miners have elected an opponent of Mr Arthur Scargill, NUM president, to a key post in the area union. Mr Neil Greatrex was yesterday elected as one of the Notts NUM's four area agents.

Coal board given two years to return profit

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE GOVERNMENT yesterday issued its sternest public warning yet to the National Coal Board that it must transform its finances from present huge loss to profit over the next two years.

Mr David Hunt, the Coal Minister, told the annual conference of the British Association of Colliery Management in Scarborough that the £2.65bn funding for the industry until 1987 — contained in the Coal Industry Bill passing through the Commons—represented the effective limits of Government largesse.

"Surely everyone recognises that the Government cannot come to the rescue of the industry indefinitely. Production must be geared to profitable demand.

"It is vitally necessary to reduce over-capacity and create a flexible industry that responds to the needs of the market-place."

He laid down a series of objectives for the industry the first of which was that the Coal Board should aim to earn a satisfactory return of its assets in real terms. "It should maximise its long-term profitability by securing sales on a long-term basis and reduce its operating costs in real terms."

This, said a BACM delegate in a question and answer session after the Minister's speech, goes much further than the condition laid upon the industry in the Coal Nationalisation Act of 1946. There, the industry is merely enjoined to break even, taking one year with another.

Mr Hunt faced sharp questioning from delegates on the closure of Bates colliery in the North-east, where mining unions are united in their allegation that the board plans to close the pit without going through the colliery review procedure in a meaningful way.

Mr Hunt told the conference that Mr David Archibald, the North-east area director had assured him that the review procedure would be used.

NCB job agency defended

MR IAN MACGREGOR, NCB chairman, yesterday strongly defended the efforts of the NCB's enterprise agency in creating new jobs in declining mining areas.

Speaking at the launch in Newcastle-upon-Tyne of NCB Enterprise in the North-East, Mr MacGregor said: "We are not trying to create jobs just for miners, because there are not going to be that many miners looking for jobs. We are trying to help communities as a whole."

One of the enterprise agency's most important functions, he said, would be to give advice to miners who wanted to take redundancy and create new businesses of their own.

Mr Tony Hewitt, executive director of NCB Enterprise, stressed that the £10m so far made available to the agency was not the end of its financial resources

In any case, the £10m was not for use on its own, he said. It overlaid or topped up, projects to which Government, local authority or private capital had already been committed or was in the offing.

Nalgo staff strike ends unresolved

By David Brindle, Labour Staff

THE STRIKE by staff which halted the work of the National and Local Government Officers' Association for more than two weeks ended yesterday without agreement on the issue at the heart of the dispute.

The union's 900-strong staff returned to work having failed to win reinstatement of Mr Jim Roberts, the Nalgo press officer dismissed for allegedly leaking a confidential document.

The strike ended as Nalgo's annual conference was about to be cancelled because of the dispute. The conference starts on June 11. It seems certain that attempts will be made there to raise the question of Mr Roberts' dismissal.

Most Nalgo staff belong to ACTSS, the white-collar section of the Transport and General Workers' Union, which decided to abandon the strike after talks at the conciliation service Acas late on Thursday night.

Both ACTSS and subsequently the white-collar union Apex, signed return-to-work agreements stating that staff matters should not be dealt with at Nalgo conference. Mr Roberts' fellow-members of the National Union of Journalists went back without signing an agreement, and say that they remain in dispute.

The dispute swung against the staff on Tuesday, when Nalgo's national executive endorsed a decision not to offer Mr Roberts reinstatement.

TGWU ballot rule changes accepted

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LEADERS OF the Transport and General Workers' Union yesterday began distributing detailed instructions on implementing far-reaching alterations to the union's balloting procedures after the changes were accepted in the High Court.

The changes proposed by the TGWU leadership reduce the likelihood of any interference in voting and will have a significant impact on the fresh ballot for the union's general secretaryship.

The proposals were accepted in the High Court by Mr Justice Vinelott and Mr Declan Hughes, a Kent farmworker who brought an action against the union seeking extensive details of voting in the current election and last year's ballot, which was cancelled after allegations of voting irregularities.

The case was adjourned until June 4 — 11 days before the result of the re-run ballot is due — and Mr Hughes will press again for a central register giving a branch-by-branch breakdown of the results.

The judge expressed the hope that agreement could be reached on this issue during the adjournment, but he was told by Mr Eldred Tabachnik, QC, for the union, there was no reason to believe such agreement could be reached.

The union believes its rules do not require it to have such a register. If agreement is not reached, Mr Hughes is likely to press for a full court examination of the alleged irregularities in the last election.

Yesterday the union amended proposals it had put before the court on Thursday, to cover the position of members who vote at regional rather than branch offices.

The results of their voting will be posted up in the regional offices for four weeks after the declaration of the result.

Mr Tabachnik said the union believed it had done the best it could to secure a fair and proper count and declaration.

Mr Simon Goldblatt, QC, for Mr Hughes, welcomed the union's "great efforts" and "new spirit," saying that, for the first time, members would know in their branches how their votes had been recorded.

He added that he had reservations about whether the revised procedures would work in the current election, because of the tight timetable and because some branches never held meetings or kept minutes.

Following a meeting of the union's regional secretaries, Mr Moss Evans, TGWU general secretary, said: "For 60 years the rules and good practices of the union have been straightforward and democratic. Members have the right to know. Our move makes that absolutely clear, even to the most mischevious of our critics."

He added he wanted members to be "absolutely reassured that the strict letter of the rule book is being followed and that the conduct of the election is beyond reproach."

Swiss win Iran order

Sulzer Brothers, the Swiss engineering group, has received an order from the Iranian Government for about 1,000 Sulzer-Rueti weaving machines, John Wicks reports.

The machines, have a total value of about SwFr 100m (£31m).

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Economic ills in prospect

STOCK MARKETS are in the long run fairly good economic barometers. In the short run, they can float free from underlying fundamentals and show surprising nonchalance about storm clouds lurking on, or just over, the horizon. Although equity prices dipped in London on Friday, stock markets on both sides of the Atlantic have been nudging all-time highs during the past week. Yet prospects do not look particularly encouraging for either tha U.S. or the UK economies.

It would be bard to decide whether Mr Nigel Lawson, tha British Chancellor, or Mr James Baker, his U.S. counterpart, has the more serious economic problems.

Too Bullish

Mr Baker, if only because of his weightier global responsibilities, probably wins the contest by a short hesd. After all, earlier this week the U.S. Treasury Secretary learned the full extent of import competition: U.S. economic growth dwindled to almost nothing in the first quarter and Mr Baker was obliged to concede that the White Housa has been much too bullish about prospects for the remainder of 1985.

There is no shortage of pundits claiming that the U.S. economy will roar back into life later this year. Indeed Dr Henry Ksufman, the guru at Salomon Brothers, is already warning that a stronger economy in the second half will put renewed upward pressure on interest rates.

But although somebody can be found on Wall Street willing to predict almost anything, a flurry of depressing statistics, suggests that the U.S. economy may be softening rapidly: President Ronald Reagan'a much vaunted "economics of joy" is turning rather sonr. A price is now being exacted for the high-borrowing, tax-cutting policies which brought rapid growth in 1983 and 1984 and swept Mr Reagan triumphantly back into the White House.

Yet the onset of a "growth recession" is in some ways the least of Mr Baker's worries. If slow growth were the only problem, the Federal Reserve could give Wall Street further shots of adrenalin by further discount rate cuts. Policy is, bowcver, constricted by fears that inflation may be picking up and because the monetary aggregates are already well above target.

Mr Baker has to contend with structural budget deficits stretching into the indefinite future and the more serious, related problem of America's growing foreign indebtedness. Tha massive overvaluation of the dollar continues to incite fears of an inflationary "crash landing."

By contrast, Mr Lawson might argue that the insouciance of the London market is not really so surprising. After all, the UK's first quarter figures are much hetter: national output growing at a steady 3 per cent, aeemingly confirming the bullisb tone of recent CBI surveys. And even if manufacturers are cutting back on inventories, a capital spending hoom seems in full swing.

Yet as Government ministers are only too aware, all is not well in the UK economy. A month in whieb unemployment, inflation and the money supply simultaneously surge is hardly good for the nerves especially wben the Treasury'a boffins failed to anticipate the extent of the deterioration in all three areas and even now are atruggling to explain what has gone wrong.

Labour-saving

Paradoxically, tax changes in Mr Lawson's 1984 Budget designed to encourage companies to substitute men for machines may be partly responsible for the relentless rise in unemployment. In the long run, the abolition of capital allowances should ensure a substitution of labour for capital. In the short run, however, as this weke'a figures confirm, the phasing out of the allowances has encouraged new investment and quite a lot of it may have been of the labour-saving kind.

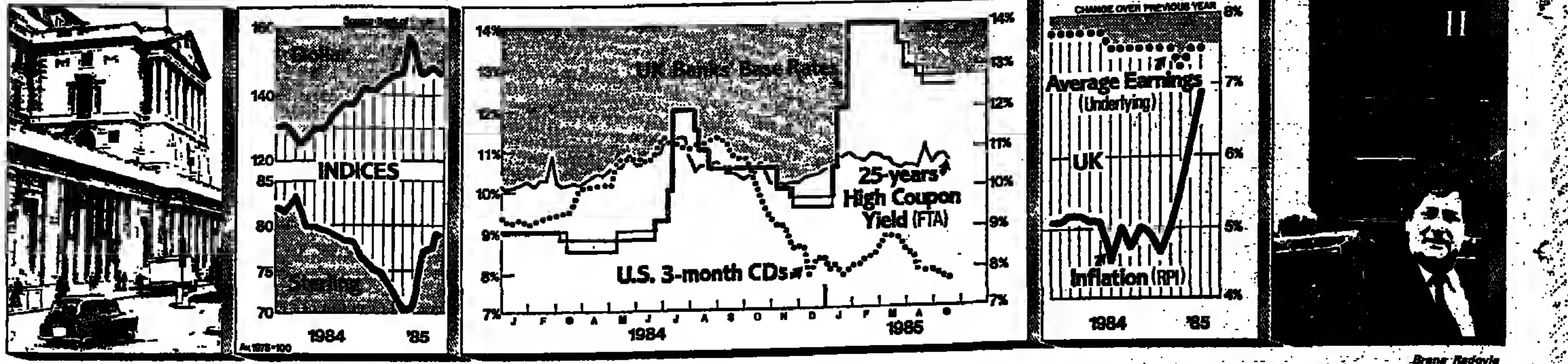
This week, the London market may have been too pre-occupied by takeover fever fully to absorh the implications of the jump in inflation to 7 per cent and of a senior Bank of England official's candid admission that the money supply has been out of control for some time.

Even the soul-searching over monetary policy may be overshadowed by another worry: Mr Lawson, like Mr Baker, may soon have to contend with a growth recession. The latest National Institute Economic Review agrees that growth this year will be a bealthy 3-3½ per cent but warns ominously that in 1986 "output may hardly rise."

The medium-term financial strategy may possibly bave elongated Britain's traditional business cycle — steady economic growth since early 1981 represents the UK's longest post-war recovery phase. It has not ,however, abolished the cycle: the chance of a substantial slowing of growth in 1986 or 1987, if not something worse, cannot be dismissed.

A thought for the London market: Mrs Margaret Thatcber came to power in 1979 at the peak of a cycle; will she bave to go to the country at a trough?

MONEY SUPPLY POLICIES



UK—why interest rates will stay high

By Max Wilkinson, Economics Correspondent

WHEN Mr Nigel Lawson, the Chancellor, denounces reports of what the Bank of England is saying about monetary policy, something is cleary amiss.

His sharp comment this week about the Bank's evidence to a select committee on whether monetary conditiona were "out of control," might at one level, seem rather arcane. But it is of crucial importance to the question of why UK interest ratea are at their present very high levels—and whether they should he allowed to fall.

Discreetly muffled gunfire bas been audihle for some weeks in exchanges between tha Bank and the Treasury on this issue. But the recent spectacular rises in the money supply seem to have left the two sides puzzled as well as divided.

This week's skirmish took place at the very centre of the policy dilemma which is: "should the Government, the City or anyone else take the recent spectacular overshoot of monetary targets at all seriously?"

In the three months to April, the money supply as broadly defined by Sterling M3 (casb and bank deposits) rose at an annnal rate of 19 per cent, more than twice as fast as the maximum permitted rate set hy the Government's target.

The authorities' dilemma is whether this represents what Mrs Thatcher calls "printing money" in such a pile that it will topple over into future inflation. Or is the rise a reflection of a number of rather technical changes in the demand for money?

In the second case the authorities could quietly ignore these embarrassing figures, and concentrate on pusbing interest rates down as fast as seems possible without the risk of a run on sterling. This would be mucb closer to policy now being pursued in the U.S. (see below) where interest rates seem to have been lowered mainly with an eye to keeping the economy moving.

The UK Treasury has indeed been drawing attention to distortions of the money numbers. It helieves, for example, that pension funds and other institutions may bave large sums on deposit waiting to he invested. This would increase the money supply, hut is probably not inflationary.

Similarly a shift of savings from building societies to banks migbt have pushed up the sterling M3 figure without making much difference in the real world; some companies may have increased borrowing to take advantage of lsst year's higher investment allowances, while other companies put their higb profits into the bsnk waiting for a chance to invest.

The Treasury is cautious about these "excuses" for sterling M3. Nevertheless they tend to suggest that things may be much less bad than they look, especially as cash (Mo) bas been growing quite sedately. So should not the authorities be focussing more on the lower trend of U.S. interest rates, and sterling's strong performance this spring, particularly against the D-Mark?

This seems to have been the City's presumption. Although few people expected an early or a large cut in interest rates, yields on long-term gilt edged stocks underlined the view that rates were still on their way down.

But on Wednesday, Mr Tony Coleby, assistant director at the Bank, left a committee of MPs in no doubt that the Bank of England takes a pretty gloomy view of "monetary conditions." He said there was no convincing evidence that they were back under control after the debscle of mid-January. That was when the Chancellor had to stamp on the brakes, pushing interest rates up 4½ per centage points to 14 per cent—an unprecedentedly high level in real terms.

Mr Coleby, perhaps emboldened by the prospect of a two-week holiday starting today, then twisted the knife a little. He suggested that if the Treaaury bad been following a clearly understood exchange rate policy within the European Monetary System, interest rates might not bave needed to be so high for so long.

Maybe be touched a sensitive nerve; for when Mr Lawson was challenged on this in the Commons the next day he sald he "totally disagreed" wiwhat Mr Colsby wea represented as baving said.

Officials rode in valiantly to explain that (after adjusting for textual discrepancies) there was only a difference of empbasis between the two. But the fact was that the Bank had pointed up a major conflict of principle underlying the Government'a monetary stratgy.

This arises from the truism that the Government cannot simultaneously operate targets for interest rates, the money supply and the exchange rate. It must choose one of the three if it is serious about bitting a target.

Something bad to give, and it turned out to be interest rates which were raised in defence of sterling. But Mr Lawson let it be known in January that the general tightening of policy was intended to bring the money numhers down to about the middle of the target range, implying annual growth of about 7 per cent for sterling M3.

With interest rates at extraordinarily bigh levels, it seemed a safe bet that money growth would slow. But the opposite has happened, while the Bank, "more in sorrow than in anger," seems to be saying "we told you so way back in 1980."

Bnt ironically, it is now the Bank which is emphasising the need to control the money supply and its parallel fears about the rapid growth of domestic credit.

It believes that whatever the supply targets, the markets do suply targests, the markets do now take them quite seriously. With average earnings continuing to rise at 7½ per cent a year and the annual inflation rate close to 7 per cent and rising, it believes that the anthorities cannot afford to show the slightest wavering in the fight against inflation.

This view would donbtless be echoed in the Treasury, but the Bank has, in addition the job of selling enough Government stock to mop up excess money and so keep the money supply on target.

Recently it has been able to sell very little stock to British residents, mainly because prices bave reflected the belief that a further cut in interest rates is not far away. Most buyers have been foreigners attracted by the relative higb level of UK interest rates and recent rises in sterling.

If the Bank wants to get the momentum of funding moving again, particularly st times when it will have some larga maturing issues to re-fund, it needs to give a clear signal to the market that interest rates will stay at a high level for some time.

But in this case, what will happen to mortgage rates, the real economy and to unemployment? That, of course, is tha other side of the dilemma, especially as a high mortgage rate actually contributes to the Retail Prices Index, and therefore helps to hold up the inflation rate.

High interest rates would also have a clearly damaging effect on growth.

It is hard to estimate the effect on jobs, but it is clear that, if anti-inflation policy required interest rates to be kept "artificially" high, the employment penalty could be measured in hundreds of thousands.

Already, there are murmurings, supported by the Bank of England, that sterling has become overvalued against the German D-Mark at around DM 3.90.

However, the authorities have no control over a particular rate of exchange, particularly as the markets are at present dominated by uncertainty about the dollar.

Ministers must be hoping, even praying, that it will give sterling a boost by coming down further. That would ease their dilemma over interest rates, but while monetary growth remains so far off the court, the prospects for a cut must be very limited indeed.

U.S.—FEARS OF RECESSION FORCE THE FED TO CHANGE COURSE

MANY U.S. economists claim to have detected a fundamental sbift in tbe monetary policy of the Federal Reserve, the U.S. central bank over the past few mooths.

"Monetary policy has changed significantly in the past six months both in terms of strategy and empbssis," says Dr Henry Kaufman, Chief Economist of Salomon Brothers in New York. "Current policy focuses much more on monetary reflation and mucb less on aggressive methods to combat inflation. This shift towards reflation reflects a strong desire by the Federal Reserve to avoid recession and to arrest even the potential of a growth recession."

The forces which have shaped thia shift in Fed strategy and which led the central bank to lower its discount rate last week to 7½ per cent even though the narrow M1 monetary aggregate bas been expanding this year well above target, include: the fragility of the recovery in world economic activity now under way, its dependence on tbe U.S. expansion for its continuation, and the extraordinary nature of the threat to that expansion which bas emerged in the U.S. in recent months.

"A tug of war between two deficits" is how Federal Reserve Board Governor Henry Wallicb describes the pressures now shaping the performance of the U.S. economy.

On one side are the expansionary forces created by buge federal budget deficits; on the other the forces of contraction unleashed by a trade deficit which has already thrust one quarter of the U.S. economy—the manufacturing sector—to the edge of recession.

In the middle is the Federal Reserve, an institution whicb has for much of tbe past four years appeared to hold sway over the course of not just the American, but also the world ecooomy. Today, however, the Fed is looking increasingly like just another boat tossed on a tempestuous sea.

Its captain, Fed chairman Mr Paul Volcker, can rail against the storms which bave been unleashed upon his bead. But apart from shifting the tiller a notch, as he did hy cutting the discount rate to 7½ per cent last week, his capacity for fundamentally altering the environment in which be and bis crew are operating, is severely limited.

Too mucb monetary laxity could throw the world's financial markets into new convulsions with investors dumping the dollar and perversely forcing interest rates to rise, thus driving the economy into a recession. Too mnch monetary restraint would precipitate the recession.

A gradual easing in the value of the dollar whicb would open up a path of the maze is something monetary policy cannot seem to contrive.

Little wonder then that tha Fed is not sticking too closely to the guidelines whicb seemed to rule monetary policy more strongly in the earlier stages of the current cyclical economic recovery.

With the market now taking into account the lower discount rate, interest rates have fallen to levels not seen for some time in the money markets. Treasury bond rates, which were nudging 14 per cent a year ago wben Continental Illinola waa in danger of extinction, and were still over 11½ per cent as the year opened, are down now to just under 11 per cent with tha prospect that fixed rate mortgages will move down soon from current levels of 13 per cent.

But will this inject new life into the economy? Only to a limited extent. Interest rates, both real and nominal, remain at very high levels. Monetary policy is too blunt an instrument to help a particular sector. With the dollar at current levels, increased demand for industrial products will still leak abroad even if monetary easing does stimulate demand.

Lower interest rates will help threatened financial institutions, particularly in the savings and loan industry. They may help to curb the strength of the dollar and they should give some stimulus to demand.

Many economists see prowth reviving at lcast by the second balf of the year and do not therefore anticipate more moves to ease monetary policy. Some, including Dr Kaufman, are anticipating a tightening later in the year when growth has revived.

To call this a "bounce-back" seems to be stretching a point. The bounce is out of the U.S. economy and the issue is whether it can continue to stumble along on two feet or whether the strong dollar and the huge trade deficit are draining the momentum out of the economy faster than moat economists think.

This may well be the case. If so perhaps the Fed will opt cautiously for another dose of monetary stimulation. But unless it is prepared to run the risk of worsening the existing economic imbalances, it may not be able to do much more to resist the contractionary pressures.

Stewart Fleming in Washintgon

Man in the News

Martin Jacomb

At the wheel of the new BZW

By Barry Riley

MARTIN JACOMB will be snatching a boliday before be takes up the reins at Barclays Bank as executive chairman of the investment banking arm Barclays da Zoete Wedd on July 1.

It will be a rare break for one of the City of London's busiest and most influential merchant bankers whose shift from Kleinwort Benson to Barclays this week caused a stir not just in the hanking world but alao in official circles wbere Mr Jacomb is regarded as a key figure in introducing the Government's proposed framework of investor protection. He is deputy chairman of tbe new Securities and Investments Board.

Martin Jacomb will therefore bear two enormous responsibilities. He will head-up one of the biggest British-owned securities groups in London'a new-style financial markets. And he will be a key regulator guiding the City of London through a maze of conflicts of interest and challenges to exiating standards of disclosure and commercial ethics.

Though little-known to the public, Martin Jacomb has come to seem an omnipresenl figure in the most powerful panelled committee rooms of tha City of London. He bas figured prominently on bodies like the Council for the Securities Industry, the Takeover Panel and the City Capital Markets Committee.

An indicstion of hia standing in the eyes of the Bank of England was given by hia selection last summer to act as chairman of the Governor's Advisory Group, the panel of elite City advisers who gave private sdvice to Mr Robin Leigh-Pemberton on reforming the regulatory structure of tha financial markets.

Tba Bank would dearly bave liked to appoint him as chairman of the SIB (a post that subsequently went to Sir Kenneth Berrill). But Mr Jacomb resisted heavy pressure and would only take on the part-time deputy's position.

These who know him think that he could not face the leap top SIB job would have brought. "He is not a public figure. He's a genuinely shy and modest person," says a member of the Governor's Advisory Group. But bebind the scenes Mr Jacomb is an impressive performer and same informant adds that he was "absolutely superb" at knocking the team of assorted City VIPs into shape.

For a man with his present reputation at the age of 55 Mr Jacomb started surprisingly late in tbe Square Mile. After Eton and Oxford he spent a number of years as a tax barrister, and in fact doubled for a time as the FT's tax correspondent.

Old FT hands remember him covering Budgets in the late features editor. That connection remained: in 1981 Mr Lawson, then Energy minister, appointed him as a part-time member of the British Gas Corporation.

In his late 30s, Mr Jacomb joined Kleinwort Benson and held a variety of positions during his 17-year spell there, rising to become vice-chairman in 1976—ironically, at the time that a then vice-chairman, Sir Charles Ball, left to becoma chairman of Barclays Merchant Bank.

But in 1983, Mr Michael Hawkes won the chairman'a spot at Kleinwort and, being roughly the same age, Mr Jacomb'a chances of further promotion were blocked. However, another came his way at that time—he headed up the team which handled the British Telecom flotation.

For a time the softly-spoken, self-effacing banker appeared in the unlikely role of super share salesman, being extensively quoted in the Press on issues sucb as wider share ownership.

He added: "The people who are at the top of Kleinwort are all 56 or 55 and this opens the way to the younger succession—which I think is a very good thing."

"Selecting him was not at all difficult," said Lord Camoys. Certainly friends and colleagues speak highly of Martin Jacomb's abilities. "Highly intelligent" are some of the observations, and he is also described as "an exceptionally nice person."

Mr David Scholey, wbo runs London's other big new grouping haaed on the merchant bank S. G. Warburg, pays generous tribute. He says tha appointment is sad for Kleinwort hut "brilliant" for BZW and also invaluable for London as a whole. "That powerful group will have somebody that can bond them together," be says.

Some wonder, however, whether he is too pragmatically inclined to be a successful innovator in a City of London where the dramatic changes taking place almost everywhere will require imagination and vision. Certainly his powers of leadership will be tested to the full st BZW.

Sir Charles Ball lasted only 14 months at Barclays Merchant Bank before resigning in 1977 on the grounds that he was being forced to toe the clearing bank's line in too many areas, so that the merchant bank could not be developed properly.

This week it was being pointed out that the parent bank's commitment to BZW is mucb greater thsn it ever was to the fledgling Barclays Merchant Bank in the 1970s. For his own part, Mr Jacomb bas taken care to bave himself installed as one of Barclays' three deputy cbairmen — a senlority that Sir Charles never enjoyed.

Within the City of London, many are sceptical of the ability of big groups like Barclays to build up major investment banking operations without encountering enormous problems. Stories of defections from firms like Wedd Durlacher are two-a-penny around the bars off Throgmorton Street.

Martin Jacomb will bear much of the responsibility for making it all work. His summing up of prospects this week was characteristically low-key. "The whole operation will be significant in itself as a powerful investment bank and it will also, I think, be of increasing importance within the clearing

City redevelopment

Battle for the heart of the Square Mile

By Michael Cassells, Property Correspondent

THE BATTLE to redevelop Mansion House Square has aroused strong passions in recent months. But it has overshadowed a much wider struggle also taking place in the City of London's historic streets.

While Mr Petar Palumbo — whose controversial 18 storey office block design was rejected this week — is redrawing his battle lines, the fight to determine how the Square Mile itself will be developed during the rest of the 20th-century is reaching its climax.

The stakes are undoubtedly high for soma of the combatants claim the conflict will decide whether the City continues to thrive as one of the world's *leading financial* centres or whether it will be undermined by its refusal to come to terms with the demands of the business community.

Others believe the City is *in* danger of losing what ia left of a unique heritage that has been either blasted apart by wartime bombs or carved up by uncaring property developers.

At the centre of the struggle is the City draft local plan, the first attempt by the Corporation in over 20 years to balance the community's commercial, environmental and *historical* needs and to lay down guidelines for its future development.

Like the Palumbo plan, the 270-page document strikes at the heart of two powerful, yet conflicting influences; the need to preserve the City's past and to met the demands of moderoday occuplers more interested in satellite links and computer systems than in Gothic facades, street paterns and townscapes.

When the plan was unveiled last November, Mr Stuart Murphy, the City architect and principal author of the document, insisted it contained nothing sensational. But the protests from the property lobby have left him in no doubt that his view is not universally shared. He is deemed to have launched a major offensive against the spread of office development.

The proposals are seen by property developers, owners and occupiers as a further tightening of the controls which have made development in the Square Mile increasingly difficult. They claim that restrictions are killing the opportunity for renewal and that unless modern accommodation is made available fast, international businesses will set up sbop somewhere else.

Sir Anthony Joliffe, a former Lord Mayor of London said at a recent City lunch attended by Mr Murphy, that the plan endangered the City's international standing. He pointed out that, in 1984, the Square Mile made a £4.5bn contribution *to UK invisible earnings*, but if the oorporation bad its way some of this business would go to other financial centres.

The draft document openly weloomes office development, though it suggests new technology may curtail future floorspace requirements—a theory the *property* industry vehemently denies—and emphasisea the need to safeguard all types of small business.

At the same time, the plan confirms the designation of around 70 per cent of the City core as a conservation area—within which development activity of any type is severely *proscribed*. It criticises the recent spread of office-based employment and attacks the linking of small aites to permit major development projects.

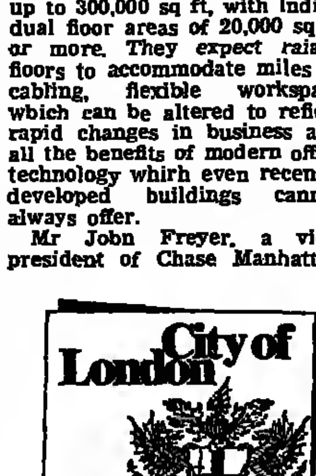
Opponents of the plan—many of whom would not deny a vested Interest in seeing restrictions lifted—say the City has drawn up guidelines which will discourage precisely tbe type of development crucial to the future bealth of the Square Mile. The City, they say, bas failed to grasp the extent of the changes taking place within its own boundaries.

Integration of financial services, impending changes in Stock Exchange rules and advances in office and communications technology are spawning a new breed of tenant and demand a fresh approach to office development in the City, they argue.

In a report on the draft plan, the Centre for Policy Studies says that inquiries among 12 leading UK and foreign merchant banking security operations in the City showed all respondents wanted more space in larger units to cope with the impact of mergers and organic growtb.

The new generstion of office occupier requires buildings with up to 300,000 sq ft, with Individual floor areas of 20,000 sq ft or more. They *expect raised* floors to accommodate miles of cabling, flexible workspace which can be altered to reflect rapid changes in business and all the benefits of modern office technology whirh even recently developed buildings cannot always offer.

Mr John Freyer, a vice-president of Chase Manhattan Bank, which occupies Woolgate House in the City and is having an operations centre built at Bournemouth, is typical of those who say the draft plan must be changed: "Today's occupiers must have modern, flexible space. We operate from a 1960s building which cannot take the cabling which represents the lifeblood of our business. While parts of management might he able to cope with living in a rabbit warren, an organisation like ours needs big, efficient space if it is to operate successfully."



While accepting the need to retain the City's historic character, Mr Freyer *says* the Corporation must set aside parts of the Square Mile so that developers can provide the space being demanded by tha financial community: "There are less sensitive areas where these buildings must be permitted. Office costs in London *are among the highest in* the world and occupiers will increasingly demand value for money."

Mr Peter Farrington, chairman of the commercial property group of the London Chamber of Commerce, says he knows of 15 financial conglomerates, each seeking to assemble its operations under one roof: "The major occupiers represent the City's future and if they are unable to get what they want here they will go elsewhere in Europe. People do not want *modern space in an old,* restrictive shell. Areas where large-scale office schemes can go ahead must be provided."

The pace of the office revolution, meanwhile, is already being felt in the City with growing numbers of major buildings, erected in the past 25 years, already obsolete. In London Wall, once a symbol of London's post-war prosperity, buildings like English Property Corporation's Leigh House stand almost empty—they are expensive to run, uncomfortable to occupy and almost certainly due for demolition.

On the northern end of Southwark Bridge, an office building developed only 20 years ago is about to be knocked down and rebuilt. At the end of 1984, an estimated 3m sq ft of City office space stood empty and a significant proportion of it could remain that way unless it is replaced.

Those new buildings which do meet the latest occupational needs on the other hand, are being snapped up. *At Liverpool* Street station, where Rosehaugh Stanhope is to build over 1m sq ft of offices, names like American Express and Security Pacific Corporation are taking space in the development even before work begins.

Mr Laurie Kinney, of the City of London branch of the Royal Institution of Chartered Surveyors, claims the City planners are paying "lip service" to the notion that the Square Mile's financial bealth must be protected while pursuing policies which could kill it off: "The City plan leans too far towards conservation. We are not hostile to the preservation of worthwhile buildings but the plan assumes anything that is old must be worth saving."

Mr Richard Saunders, president of the Association of Owners of City Properties, has called for a meeting between the City planners and representatives of the property *industry* in an attempt to find common ground.

According to Mr Saunders: "Nobody wants to turn the City into Wall Street or Manhattan but the practical effect of this attempt to preserve the quality of life in the City is effectively to phase out the offices which are needad."

The conservationists, who played a powerful role in getting Mansion House Square rejected, are hardly surprised by the reaction of the property industry. They believe the plan goes a long way towards protecting the City's heritage.

Mr Ken Powell, secretary of Save Britain's Heritage, says the plan represents "an admirable attempt to stem the flow of *potentially damaging* redevelopment." If anything, be believes it does not go far eoough aod that *many* more buildings could be given the protection of listed status.

Between the conservationists and commerce stands the City Corporation. It says that it sees both sides of the case but is left with having to strike the all-important balance. There are already signs that some of the views expressed in the draft will be altered.

According to Dr Keith Gugan, cbairman of the City planning committee: "There ought to be and will be changes, some of which will favour the developers. But the City remains determined to safeguard its unique character."

The amended draft plan will go to the City's Court of Common Council later this year. Whatever the outrome, a public inquiry looks almost certain and that could make Mr Palubo's recent battle look like a minor skirmish.

Learning to speak Japanese

When 'thank you' means yes, no or goodbye

By Carla Rapoport in Tokyo

YOU WANT to sell your products in Japan; Learn Japanese. You want to learn Japanese? Forget it.

That about sums np the attitude of most of the *foreigners* living and *working* in Japan. Sure, the Japanese learned English, French and probably Serbo-Croatian in their efforts to forge world markets for their goods. But learning Japanese is simply too difficult for the average Westerner, so don't even try.

After nearly a month of fulltima *study of Japanese,* I'm tempted to leap into the sceptics camp. In my first week, I identified myself as a Swiss watch and an exit sign as England. In my second week, I told my teacher that my busband was unable to attend class because be was drunk. And last week, I almost left Japan because a local businessman politely asked me: "How long have you been studying *English*?"

This week, I hava calmed down. I've cut down to six hours of language study a week and have begun to move around Tokyo. Not only does a bit of Japanese belp in getting from A to B, but I've realised that it has opened a small window on bow the Japanese live and think.

For example, the Western notion of inscrutability goes out the window once a little hit of Japanese is understood. It's not that the Japanese ara inscrutable to the West; they are inscrutable to each other. The Japanese language is like a large, rich *mille feuille*; layers and layers of language are so much pastry fluff. When a Japanese meets another Japanese, be uses language which is wildly amhiguous or bland, because *he* does not want to offeod.

Thus, the Western notion of getting right to the point is next to impossible in Japanese. Yes, you can learn the words for "What do you think of my widgets," but you cannot force your Japanese contacts to reply in a straightforward manner.

In part, this is because some of tha most common English words do not exist in Japanese. At the same time, some of the most common Japanese words have a multitude of meanings which can instaotly render incidental conversation into blather.

For example, the word rude does not exist in Japanese. Further, there is *only* one expression for stupid. Someone could be impolite or lacking in intelligence, but never a nimcompoop, bonkers or a blithering idiot. On the other side of the coin, take *domo*, the Japanese word that most Westerners know as thank you. According to a Government manual on understanding Japan, *domo* is a phrase for foreigners to master quickly because:

"It most often appears in the guise of thank you, or good morning or excuse me or even *good-bye*. In *short, it* bas *many* meanings, is versatile enough to signal both acceptance and *rejection depending* on tone of voice and context and in no way offends the listener. In one *sense,* you could say it is symbolic of the right way to relate to a Japanese partner."

Right. In other words, learn Japanese and learn the gentle art of non-speak, so essential to doing business in Japan. But can the language actually be learned?

Contrary to popular belief, Japanese is an immensely logical language. It has a grammatical structure which, while different from English, is almost invariable. As soon as one understands "I television watch," one is half-way there.

The major stumbling-block for any Westerner learning Japanese is pronunciation. For example, English speakers can swallow, chew gum or slur their *words and still* be *understood.* I am happy, hahppy, baippy, or even hippy would be understood *as an attempt to express* an upbeat state of mind. In Japanese, however, the vowel sounds are absolutely crucial and yet I do not seem able to keep them separate. The words for bird, toilet and Tokyo University all sound the same.

This confusion recently led me to ask a Japanese friend if his degree is from the toilet. Another time, I pointed out Tokyo University flying through the sky.

The remaining barrier to foreigners is reading. The *Japanese* have three scripts. One is a sort of idiot's alphabet which young children and near illiterates use phonetically to spell out the language. I have just about mastered this one. The second alphabet represents exactly the same sonnds as the first, hut is reserved exclusively for foreign words, like *basu ballu* (baseball) and *cawhee* (coffee) and *remo-con* (remote control). The main Japanese script is simply a bewildering array of Chinese characters which stretch Into tens of thousands. When one masters 300 or so, one can start to read street signs and cereal packets. With *2,000*, the *newspapers* are accessible. So far, I've learned about 10.

Will I ever learn Japanese? Well, I will never be able to do business in Japanese, as the *language of commerce* is much more structured and formal than everyday usage. But my teachers say that after six months of study, I may be able to discuss something other than my mother's health or what I had for breakfast. I look forward to the prospect.

Letters to the Editor

Good practice for Lloyd's

From Mr S. S. Cohen

Sir,—The catastrophic events affecting tha members of the PCW Syndicate have brought a spate of criticism of the Lloyd's Council, much of which is unjustified.

Following the passing of the 1982 Act, the Council has introduced bye-laws which will keep the average member much better informed and which will ensure that over-writing and dubious re-insurance practices are made more difficult, if not impossible. The benefits of these measures will, however, accrue in the main to the current underwriting year and thereafter.

While these measures are satisfactory in themselves, the two factors, which have led to the record losses sustained by members of the PCW Syndicate, hava been the over-concentration of members' capacity within one syndicate and also within the syndicates of one underwriting agent.

I believe, therefore, that the Council should take action by supplementing the bye-laws with a Code of Good Practice for Underwriting Agents. Two key factors of such a code must he:

1. A limit should be placed on the participation in any one syndicate, which would need to be related to the class of business and the member's total allocation of underwriting capacity.

2. An overall limit on the participation in the syndicates under the management of one Managing Agent.

I have suggested a code rather than a bye-law because these are matters which affect the relationship between a member and his agent. Such a move would go far to restore confidence, both in individual underwriting agents and in the institution of Lloyd's itself.

Stewart S. Cohen.
No 3, 24 Carlton House Terrace,
London, SW1.

Taking in the waste

From Mr C. P. Wilkins

Sir,—The paper and board industry in the UK is becoming more competitive and the reasons for this were covered by Mr Jackson in his article on May 17. One of the principal points was the cost of raw materials and bow, to e large degree, it is the availability of economic raw materials that determine the success of the industry.

Waste paper at the right price is an essential raw *material* for the industry and for the country. There Is substantial interest in recycling together with an increased awareness of the benefits of recycling to the environment. Perhaps this is an opportune time to emphasise the real world *relationship* between the collection and the use of the raw material otherwise we may find government and public pressure at the wrong end of the equation.

The demand for recycled raw materials and therefore be must come first, rather than the supply of materials at unknown or subsidised prices. The nation can recycle only as much material as is required by the using industries. To recycle more we must invest more in the capltal of the waste using industries. For instance, papermills must bave more wastepaper cleaning equipment so they can use cheaper raw materials and therfore be more competitiva internationally. This in turn will stimulate increased demand for wastepaper which can then—we hope—be met by an interested public.

To some degree this is happening with old newspapers where there is currently a shortage of the materials which are needed to make newsprint by a big new, Government aided mill in the North West.

It seems to me—as a provincial waste paper processor—that what is needed to belp recycling, if public money is to be spent, is the continuation of Government policy which was to belp industry use the indigenous raw materials that can be collected by the public—rather than grants to recyling centres or whatever.

C. P. Wilkins,
Stirling Secondary Fibres,
Chattan Works,
Bonnybridge, Stirlingshire.

Rise in teenage unemployment

From Mr B. McGovern

Sir,—Dr Siebert in his letter of May 21 blamed the risa in teenage unemployment on high wages pusbed up by wages councils and trsde unions. However, the main culprits were two pieces of legislation that were introduced at mucb the same time in the early 1970s. The culprits were "The Representatioo of the People Act 1969" and the "School *Leaving Order* 1972, No. 444."

The first piece of legislation *turned* teenagers into adults of 18 years of age and gradually 18-year-olds began to receive full adult pay. The school leaving order raised the school leaving age to effectively 16½ years The considered effect of these two pieces of legislation was that the period between leaving school at 16½ and receiving full pay at 18 was too short a period to *run appreoticeship* and other training schemes.

Throughout the 1970s apprenticeship schemes gradually disappeared until the curreot recession finally finished them. The YTS scheme is a brave attempt to hring teenagers back ioto the employmeot market, hut the scheme is expensive and very bureaucratic and is probably intended only as a temporary measure.

What is needed is a complete rethink on the prohlems of teeoage employment. Just lowering wages is not the answer.

B. McGovern,
35, Atlantic Way, Waatward Ho!
North Devon.

Coal and the future

From the Secretariat of the Coalfields Communities Campaign

Sir, — Robert Belgrave's article "What the Government needs to do now" (May 22) makes rather depressing reading, not because of the remorseless logic of his argument, but rather because of the unacceptably narrow basis on which be builds.

He states that "no government, wbatever its economic *philosopby can ebdicate responsibility* for the framewnrk within whicb a state industry will operate. . . ." Yet that is precisely what his proposals amount to. It is the same tired formula that has become the hallmark of the Policy Studies Institute in recent years.

To summarise briefly. The NCB should be operated as a competitive supplier on the international coal market. Coal imports should he encouraged by the construction of coastal power stations. Any collieries not *meeting tight commercial* criteria concerning rates of return sbould be closed.

These proposals are flawed because they relate to a nonexistent economic situation. There is no free market for coal. To write about "imported coal . . . from a wide variety of sources, most of whose costs are not affected by the fluctuations of the dollar," is highly misleading. World coal is priced in dollars and international trada is dominated by American-owned coal. That which is not comes mainly from sources such as Poland where prices and production costs hear little relation to each other.

Similarly the role of the CEGB in Mr Belgrave's story is far from clear. It is a *monopsonist* huyer of coal. I am unaware of any textbook analysis that argues economic benefits are to be gained from weakening the position of sucb a monopsonist.

There is, however, an even more fundamental criticism to offer. Where is the "frsmework" within which the NCB is to operate? An unwary reader of Mr Belgrave's piece migbt be forgiven for assuming that the NCB was just a rather unprofitable part of the investment folio of Great Britain Ltd, that coal is in no sense part of something larger called the energy sector, and that the long-term social costs of running puhlic-sector enterprises in line with aims appropriate to private enterprise are nil.

The missing energy policy "framework" is the crucial nonelement in Mr Belgrave's analysis. It calls out for our attention like the dog that did not bark. How can one intelligently and consistently plan coal's future without it? The *hesitant, uncertain investment* policy that he proposes is fully in step with current government thinking. Like the Government, he has no idea what coal demand will be in 2000, and, like the Government, shows little inclination to find out.

Bryan Gladstone,
Secretariat, Coalfields Communities Campaign.
1, Pontefract Road, Bornsley,
South Yorkshire.

The poems of World War Two

From Mr V. Selwyn.

Sir,—Richard Adams, in *his* critique (May 4) of our book, "Poems of the Second World War: the *Oasis* selection," becomes so concerned to demonstrate that the contents are mainly dross, that he quotes these lines . . . "There was me an 'ole Bert In the NAAFI, 'avin' a couple of beers," and so attacks the hook for including "such stuff." He says it belongs elsewhere. He is right. It does. For it is not in the book—or anything like it! The reader of the review may be *led to believe* that *these* are typical lines from the book but in no way bas anything like them been included.

Yonr reviewer writes "there's a lot of this sub-Kipling." It is just not true. Oddly enough we could advance a case for including sucb material aa representative of Army verse bnt had been so concerned with literary level that similar efforts did not pass the selection stages. This brings me to a non-sequitur which surely insults the intelligence of the reader. Having established that there are over 200 contrihntors to the hook, your reviewer draws one conclusion, on which he expects the readers to agree, "there cannot he so many poets of quality. Murh of the contents is poor." In cold logic a more valid ronclusion would be that in the Secood World War, unlike the First, many poets wrote. As the late G. S. Fraser, one of the Trust's founders, observed, they came from a more literate and aware generation.

The Second World War was very much a grass roots war and the Oasis selection reflects it.

Victor Selwyn,
(Editor in Chief),
Salamander Oasis Trust,
84 Temple Chambers,
Temple Avenue, EC4.

Hidden costs end savings policies

From Mr Osman Ahsan

Sir,—Clive Wolman's article, "Hidden Costs Hit Savings Policies" (May 18), was a real eye-opener.

Now that we are to have a Marketing of Investments Board, perbaps one of its first tasks can be to work out a standard method of calculating management charges (such as the total in a 20-year period, including the impact of capital units), and compelling purveyors of savings products to state this, in a way similar to the APR required to be disclosed hy providers of credit.

Osman Ahsan.
7, Temple Fortune Court,
London NW11.

High costs of BR's meals on wheels

From Mr G. B. Claydon

Sir,—I was interested to read Mr Bond's letter (May 18) since it *accords* closely with *my own* situation.

With this month's timetable, British Rail bas abolished weekend return tickets. It is true to say that it has substituted a more comprehensive system of "Saver" tickets, but these are svailable on a limited number of trains only. Moreover, they are not available to first class passengers.

Furthermore, there is a growing practice of limiting restaurant car meals to those in possession of a first class ticket, so that the traveller who is not a senior BR official or on an expense account has in comparison to pay extremely heavily for the privilege of eating a train meal. What commercial sense this makes when the restaurant cars are often more than half empty is not immediately apparent.

G. B. Claydon,
23, Barons Keep,
London, W.14.

BUILDING SOCIETY RATES

	Share	Sub'pn	Others	
Abbey National	8.25	9.25	9.52	Seven-day account
			10.25	*Higher interest* acc. *90 days' notice or charge*
			7.00-9.52	cheque-save
			10.00	High interest cheque-save
Aid to Thrift	9.80	—	—	Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00	BankSave. Balance of £2,500. Current account. Bal. under £2,500, 9.00. Min. initial inv. £500
			10.00	Gold account. Minimum Invest. £500. Imm. wdl.
Anglia	8.25	9.25	9.75	Instant gold. Annual int. No notice or penalty
			10.25	3-yr. bond. 90 days' not./peo. Diff. guaranteed
			10.75	Capital plus £10,000+. Aon. int. 60 dys.' nt./pn.
Barnsley	8.25	10.00	10.50	2-year term*share—3 months' notice*
			10.10	Spec. inv. (28 days' not.) 10.10 mthly. inc. a/c
Brsdford and Bingley	8.25	9.25	10.00	Premium access. On demand, no pen. £1,000+
			10.75	High interest. 3 months' notire or 90-day pen.
Bristol and West	8.25	9.25	9.50	Plus a/c £1,000+. No notire. No penalty
			10.25	£20,000+, 10.00 £5,000+, 9.75 £1,000+ 7-day, notice triple bonus. Also monthly income
Britannia	9.25	9.25	10.30	28 days' notice £10,000+
Cardiff	9.75	9.85	10.25	90 days' not. Peoalty if balance onder £10,000
Catholic	8.55	9.55	10.05	Extra share, £5,001+ 10.30. 30 days' notice
Century (Edinburgh)	8.85	—	9.30	Guaranteed rate 2/3 yrs. (or variable *account*)
Chelsea	8.25	9.25	10.65	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	9.25	10.75	Gold. No ootice. No penalties. £20,000+, 10.75. £500-£19,999, 10.25. Under £500, 8.25
Citizens Regency	8.25	9.75	10.00	7 days, 10.00 1 month, 10.25 3 mooths
City of London (Tbe)	8.50	9.75	10.25	3 months' notice—no penalty—monthly income
			9.95	7 daya' not. im. access for amounts over £5,000
Coventry	8.25	9.50	10.50	2-year bond £1,000+, close 90 days' notice and penalty, monthly ioc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. oo pen. 10.30 £20,000+, 10.05 *£5,000+*, 9.75 *£1,000+ monthly inc. opt.*
Derbyshire	8.25	9.50	10.50	2 y., 3 m. not., up to £10,000. No not. No pen.
Gateway	8.25	9.25	10.03	Gold star £1,000+. No notice. No penalties. *Monthly int.* £5,000+, 10.50 if added to account
Greenwich	8.25	—	10.25	90-day account (no notire account 9.50-10.00)
Guardian	8.50	—	10.60	8 m. not. (£1,000 min.) easy acc. bal. £10,000+
Halifax	8.25	9.25	9.75	Instant Xtra. Immediate withdrawal no penalty
			10.00	90-day Xtra, 90 days' notice, no penalty
			10.25	Prem. Xtra (£10,000 min.) g'td 2pc diff. 3 yrs.
Heart of England	8.25	9.50	10.00	90-day notice, 9.50 5-day notice, 10.75 1-yr. bond
Hemei Hempstead	8.25	9.75	10.50	90 days. 10.25 60 days. 10.00 28 days
Hendon	9.35	—	10.10	7-day account. Minimum £500
Hinckley and Rngby	8.25	11.55	10.80	1-yr. certain min. £500 monthly income £5,000
Lambeth	*8.40*	9.50	9.90	7-d. a/c, 10.60 Magnum a/c 6 wks.+losa of int.
Leamington Spa	8.35	—	10.00	Spa mthly. income, no not., oo pen. £5,000 min.
			10.50	High flyer, no notice, no penalty, £10,000 min.
			10.40	Supershare, no not., 14 daya' pen. £2,000 min.
			10.80	Super Sbare, oo not. 14 days' pen. £10,000 min.
Leeds and Holbeck	8.25	10.00	10.75	Monthly int., 10.25 28 days' not., 10.50 90 days' not. or pen., neither if £10,000 still in account
Leeds Permanent	8.25	9.25	10.75	*Ltd. edition £10,000 3 mth.'s not. or 90-day pen.*
			10.00	HRAS 3 mths.' not., 9.75 Liq. Gold no not./pan.
Leicester	8.25	9.25	9.60	£500+ immediate withdrawal no penalty, 10.75 £10,000+ min. 1 yr., 10.25 £2,000+ min. 1 yr.
London Permanent	8.75	—	10.25	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	8.25	—	10.50	2-yr. term. 2.25% differential guaranteed. 3 montha' notice or penalty
Mornington	9.80	8.25	9.80	£2K, 10.00 £2K+, *10.10 £10K+*, 10.25 £20K+
National Counties	†8.55	9.80	10.55	90 days' notire, no penalty. † £1,000+
National and Provincial	8.25	9.25	10.50	APEX (+2.25% gtd. 3 yrs.) im. wdl. 60 d. pen.
			10.00	90 days' *notice*/pen. unless bal. stays £10,000+
			9.75	28 days' notice/pen. unless bal. staya £1,000+
Nationwide	8.25	9.25	10.25	Capital bonds, 3 yrs., 90 days' notice/penalty
			10.00	Bonus-90, 90 days' notice/penalty
			9.75	Double bonus, minimum £500, no notice/pen.
Newcastle	8.25	9.50	10.05	60 days' notice; 9.75 7 days' notice. On demand by arrangement
Northern Rock	8.25	9.50	10.25	*Moneyspinner plus £20,000 or more, inst. access*
			10.00	Moneyspinner plus £5,000 or more, inst. access
			9.75	Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80	7-d. sbare/monthly inc. opt. 10.00 on £10,000+
Peckham	9.90	—	9.90/10.40	Imm. wdl. If over £2,000. Monthly incoma
Peterborough	9.25	9.55	10.85	pa "85" Sbrs.—85 ds. not.—min. iot. inv. £5,000
Portman	8.25	10.50	*9.85	Flexi-plus. £500+ instant access, no penalty
			*10.25	Pm. £500+ *2 m. not., no pn. *Mthly. inc. £2,000*
Portsmouth	8.40	9.90	11.00	5-year, 10.55 3-year, 10.35 90-day, 10.10 30-day
Property Owners	9.75	10.25	10.55	3 mths., 10.25 6 mths., 10.10 28 d., 10.00 im. ac.
Scarborough	8.25	9.50	10.25	2-yr. limited share. 1.75 guaranteed differential
Skiptoo	8.25	9.50	10.55	Sovereign £10,000+ instant access—no penalty
			10.30	Sovereign £500-£9,999
Stroud	8.25	9.50	11.00	2-year term. Notice accounts with monthly incoma *option* 10.50 90-day, 10.25 28-day
Sussex County	9.25	9.70	9.90	Sussex High, 10.30 90-day, 10.50 mnthly. income
Thrift	8.50	—	9.50	3-year term. Other accounts available
Town and Country	8.25	—	10.75	3 yrs. £10,000+, 10.50 £500-£9,999 withdl. avail.
			10.50	7.00 Mooeywise chq.-Visa int. varies with bal.
			9.75	Supershare. Imm. wdl. No pen. min. inv. £500
Wessex	10.10	—	—	No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75	Prime—no notice, oo penalty, minimum £500
			9.75	Monthly income shares, 28 days' notice
			10.75	Capltal, 90 daya' notice/penalty
Yorkshire	8.25	9.25	10.15	Diamond key, 28 days' *notice* or 28 *days'* pen.
			10.75	Platinum key, 60 days' notice or 60 days' pen.

All these % rates are after basic rate tax liabili ty has been settled on behalf of the investor.

Brammer's first move to stop Bunzl

BY ALEXANDER NICOLL

Brammer, the bearings distribution group fighting a £116m bid from paper distributors Bunzl, yesterday secured the agreement of Energy Services & Electronics, the electronic equipment rental and sales concern, to an increased £44m offer.

The agreement is Brammer's first move in its defence against Bunzl, which has made its bid conditional on Brammer dropping the ESE offer. To be successful, the new bid for ESE needs not only the acceptance of ESE shareholders, but also the approval of Brammer shareholders at an extraordinary general meeting in several weeks time.

The stage is thus set for heavy lobbying of Brammer shareholders by Bunzl and Brammer itself—reinforced by ESE's management, ahead of the EGM.

Bramer put in its initial £40m bid for ESE last week, shortly after the target had escaped a bid from Peek Holdings. Until yesterday, ESE had expressed no view on Brammer's offer. Under the new agreement, Mr Frederick Rollason and Mr Patrick Robson, ESE chairman and managing director respectively, would join Brammer's board.

Mr John Head, Brammer's chairman, said yesterday that its business was very similar to ESE's in that "we both respond very quickly to urgent market requirements." Bunzl's distribution businesses, he said, required less urgency and technical know-how.

Mr Robert Ffoulkes-Jones, Brammer's managing director, said Brammer's acquisition of ESE would not make it too highly geared, as Bunzl has alleged. Brammer has virtually no net debt, ESE's gearing is falling, and both businesses are extremely cash positive, he said. ESE is proceeding with plans to find a buyer for its main problem subsidiary, Neve Audio.

Terms of the new bid are three Brammer shares for eight ESE, with ESE shareholders no longer getting a final 1p dividend for 1984. The terms are about a 6 per cent advance on the previous 35 for 100 share exchange offer. There is no cash alternative.

Brammer's shares yesterday fell 20p to 358p. But at a 313p Brammer price before the Bunzl bid, the new share offer values ESE shares at 117p, compared with yesterday's close of 120p, up 7p. Bunzl shares fell 8p to 455p. Brammer holds 14.9 per cent of ESE and commands a further 2.1 per cent.

Further loss incurred at Adam Leisure

By John Shepherd

Adam Leisure Group, one of the USM's poorest performing stocks, yesterday revealed that it had incurred further losses in the opening half of the 1984-85 year.

Shareholders who have seen their shares drop from a 1983 high of 105p to last night's closing price of 13p, down 2p, are to go without an interim dividend.

Mr Paul Kelly, the finance director, said yesterday that while the company felt that it had been through the treadmill, "I do not think that we will be in a position to pay a final."

Losses of this electronic toys group for the six months to March 1 amounted to £494,000 which compares with a depressed profit of £302,000 last time and a £745,000 loss in the second half of 1983-84.

The space theme hand-held electronic games "took a hammering," said Mr Kelly, and accounted for the lion's share of a drop in group turnover from £9.3m to £5.6m.

However, he said that the non-space theme toys held up well and that things were looking more encouraging.

Sterling's decline against the U.S. dollar and the yen also affected the interim results to the tune of between £600,000 and £700,000.

Mr Kelly declined to forecast the outcome for the current year but said that next month should see the first production samples of a new baby alarm device and that an educational computer with a cassette facility was in the pipeline.

Pineapple out of step in NY

BY MARTIN DICKSON

Pineapple Dance Studios, the USM stock headed by Ms Debbie Moore, yesterday surprised the market by plunging to a first half pre-tax loss of £197,000, against profits of £77,000 last time. The shares fell sharply on the news, closing 10p down on the day at 47p, an all time low.

It is the company's first reported loss since it came to the market in a blaze of publicity in 1982.

The company pinned most of the blame on development costs at Pineapple's studio in New York, which opened last September, several months behind schedule.

Pineapple added, however, that New York had been in the black for the past two months, and developments in the company's franchising and merchandising operations were producing early benefits in the second half. "They should, on the basis of current trading, make up most of the deficit of the first half," it said.

Pineapple's losses were produced on turnover up from £808,000 to £1,204,000. There was no tax charge (£23,000) and losses per share totalled 5.4p (earnings of 2p). The company does not pay interim dividends.

The company said that there had been severe competition among UK dance studios but Pineapple's stronger reputation had enabled it to retain its position as market leader when many rival studios were going out of business. This shake-out was working to the benefit of the company, and both membership and activity in the studios had picked up in recent months.

Pineapple merchandise had been included in five major mail order catalogues for the autumn/winter season and there had been a good response to spring/summer 86 ranges. There were "excellent prospects" for franchising Pineapple's stores and it would shortly announce agreed terms for the first of these.

Shares in Pineapple—which were originaly placed at 52p but rose at one point to around 140p—have also been hit recently by the departure from the board of Mr Norris Masters, former finance director and Ms Moore's estranged husband, who subsequently sold more than half his shareholding.

Selincourt bolsters bid defence

BY CHARLES BATCHELOR

Selincourt, the fashionware and fabrics company which is fighting off a £20.3m takeover bid led by Mrs Jennifer d'Abo, head of the Ryman office equipment chain, yesterday announced a 75 per cent leap in 1984-85 pre-tax profits as part of its defence.

Pre-tax profits rose from £791,000 to £1.38m in the year ended January 1985 but Selincourt recorded a £7.46m extraordinary charge, including a £6.64m charge resulting from its decision to pull out of its loss-making Tricosa operations in France. In 1983-84 Selincourt took an extraordinary charge of £3.02m.

Selincourt does not plan to pay a final dividend for last year because of the need to rebuild its asset base, Sir David Nicolson, the chairman, said in his statement to shareholders. It made a nominal interim payment of 0.025p per share.

Sales in the first three months of the current year were ahead of last year, order books were healthy and there was every reason to believe the progress of the three previous years would be maintained, Sir David said. Turnover rose from £50.7m to £55.8m in the 1984-85 year.

Selincourt said it had had "well advanced" plans to raise £5m to restore its severely eroded capital base but these had been postponed once the consortium headed by Mrs d'Abo appeared on the scene.

These funds would have prevented the company breaching its borrowing limit—currently £17m. Since the fund raising would not be taking place as planned the board would ask shareholders to approve an increase in the borrowing powers.

Selincourt criticised Mrs d'Abo for oversimplifying the issue of exploiting the company's potential. Selincourt was a complex group comprising ten businesses with differing characteristics and each operating in specialised market segments, Sir David said.

Stormgard is offering 13 of its own shares for every ten of Selincourt. Stormgard's shares fell 2p yesterday to 30p to value its bid at 39p per share. Selincourt fell ½p to 29½p.

Blue Circle placing surprises the City

By Charles Batchelor

Blue Circle Industries, Britain's biggest cement-maker, has funded just over half of the $145m (£115m) purchase of Atlantic Cement, a U.S. company, via a share placing.

This decision took the stock market by surprise yesterday following earlier indications that the deal would be financed by internal resources or borrowings rather than a rights issue. The company's shares fell 17p to 533p.

"This is very disappointing," commented one analyst. "This will result in some dilution of their earnings per share in 1986. They should have been prepared to run their gearing at a higher level for a while."

Hoare Govett, Blue Circle's stockbrokers, placed 11.5m shares in the market without any difficulty at 525p yesterday morning. The balance of $70m is payable in cash.

Combined Tech. losses reach £12m

Losses deepened to just under £12m pre-tax, against £6.13m, at Combined Technologies Corporation in the 1984-85 year and the company says that negotiations are in hand to secure the future of three of its subsidiaries, Mnemos, Plasmon and Laserstore.

Research and development costs and a loss at Mnemos were primarily responsible for the results, which the directors say cannot continue indefinitely. They add that relationships with industrial and financial interests will be necessary for the potential of the new product companies to be realised.

There is still no dividend.

W. H. Smith denial

W. H. Smith, the newsagent, yesterday issued a statement denying Press speculation that it had received a takeover approach. It said there was no truth whatsoever in recent market rumours of an approach from Arthur Guinness; nor in rumours that Rite Aid (of the U.S.) had acquired a large stake in the company. Smith shares closed at 246p, down 10p on the day.

Burmah Oil meeting

Mr J. M. Maltby, chairman of Burmah Oil, told yesterday's AGM that the board had considered last month's approach from Heron Corporation but believed stockholders interests would best be served through a continued strategy concentrating resources on core activities of oil exploration, Castrol and speciality chemicals together with LNG operations.

The aim of this strategy, he said, was to bring through to stockholders, in terms of increased earnings, dividends and share prices, the full value of these businesses.

He added that progress made in this respect in 1984 had continued into 1985 and further action was in hand. The board therefore could not see "any benefit in an amalgamation with Heron."

Wellman over limit

WELLMAN, the troubled furnaces group, has breached the borrowing powers granted under its articles of association.

At the end of last month, borrowings were £9.1m, almost £2m above the limit. Wellman blamed losses in 1984-85, lack of settlement on a Middle East contract, on which £1.5m is outstanding, and the failure to conclude any planned major disposals.

The directors will propose raising the borrowing limit from £7.17m to £16.73m, from 1½ to 3½ times share capital, at an extraordinary general meeting on June 12.

Trafalgar extends bid

Trafalgar House has extended its £37.2m takeover bid for Haden, the engineering company, until June 11 while it decides whether or not to revise its offer following Haden's rival £55.8m management buy-out bid.

Dares suspended

Shares in Dares Estates were temporarily suspended yesterday following a fall in the share price to 13p. A statement said that speculation about the company had been created by the delayed announcement of the 1984 results, caused principally by problems in establishing the current value of loan notes due to Dares from the sale of Dares Realty, its U.S. subsidiary.

It is anticipated that the detailed results will be announced within the next two weeks, at which stage the listing is expected to be restored. The directors say they then expect an "orderly market" in the company's shares to be re-established.

Greenfield 'gets rid of trash' as problems mount

BY TERRY POVEY

Greenfield Blacks, the camping and leisure group produced from last year's merger of Greenfields Leisure and Blacks Camping and Leisure, incurred a trading loss of £3.23m for the 16 months to March 2, 1985. In the year to October 31 last the group reported a profit of £491,000.

Mr Murdoch Morrison, chairman, said that the new board was "confronted with serious trading, administrative and cash flow problems," following the merger and that the "absence of reliable management accounting information disguised the full extent of Greenfield's problems."

As a result, the new company has decided to dispose of many of the Greenfield outlets—only 13 out of the initial 66 are to be kept. Of those up for disposal 19 have already been sold, 15 are under offer and the rest are on the market. "Despite strenuous efforts, sixteen of the worst loss makers were unsold at the end of April," according to Mr Morrison.

The turnover of the merged group totalled £22.5m for the sixteen months (against £19.23m in the year to October 31). Interest paid was £971,000 (£720,000) and depreciation £681,000 (£610,000). The surplus from the sale of property was £2.72m (£686,000) which produced a loss on ordinary activities of £2.16m (loss £153,000). Rationalisation costs knocked a further £1.34m off this to produce pre-tax losses of £3.51m (loss of £153,000).

Tax was £217,000 (£138,000) and extraordinary losses £250,000 (nil) due to the need to revalue downwards stock previously held by Greenfield. After tax and extraordinaries the group loss totalled £3.97m (loss of £15,000) or 29.9p loss a share (loss of 0.98p). No final dividend is being paid although an interim payout cost the company £116,000 (£169,000).

Mr Morrison said that the group's policy was to "get rid of all the trash in one go and that a great sense of relief existed over the rate of disposals." Blacks more than achieved its £350,000 profit forecast made at the time of the merger, he said, but the costs of keeping open unwanted stores had been a major burden.

Mr Swraj Paul's Caparo Properties holds a 10 per cent stake in the merged group. The shares closed down 16p at 30p.

● comment

The reverse takeover of Greenfield by Black has proved anything but a leisurely business—in fact the future of the quality tent and sportsgoods company is now on the line and dependent on investors' attitudes to a fund raising announcement expected in a couple of weeks. The most likely alternative has to be preferred stock—surely a straightforward rights issue would not be greeted very warmly given the extent of the problems still to be overcome. Sales of Greenfield stores will certainly continue although until trading costs are cut much of this will be just pouring good money after bad. The future of the Greenfield name—to which little loyalty can be expected from a management as bruised and battered as that of the new company—must also be unsure. For the coming year, to end February 1986, group turnover is forecast to settle at £16m to £17m but profits are, say the analysts, anybody's guess given the running losses still being incurred. Blacks remains a well run business, only time will tell if it can survive embracing Greenfield.

Burns-Anderson U.S. funding

Burns-Anderson, which has interests in the supply of steel reinforcements, shopfitting and financial services, is raising £2.1m via a private placing of ordinary shares and convertible loan stock.

For the six months to March the company has announced pre-tax profits 31 per cent higher at £369,000.

The funds are being raised in the U.S. and the new investors will be the Johnston Group, a subsidiary of Johnston Industries Inc., and Mr Paul Johnston, the company's chairman.

The Johnston Group will take up 75 per cent of both the shares and the loan stock, and Mr Johnston will subscribe for the remainder.

Mr Johnston, whose company is a textile manufacturer, has been for some time looking for an opportunity to make a long-term minority investment in the UK. He has no plans to buy any more shares in the company nor to make a takeover bid. His minority holding will give him the right to appoint two non-executive directors to the board.

The funds, which will initially be used to reduce bank borrowing, are being raised to expand the financial services divisions, both Burns-Anderson Trust Co, the licenced deposit taker, and Burns Anderson Finance, the personal finance and hire purchase company. The group also intends to expand into other areas of financial services and has plans to set up a trade finance subsidiary.

Turnover in the first half increased by 26 per cent to £16.6m, and after a tax charge of £133,000 (£86,000) earnings per share rose 12 per cent to 1.8p. The interim dividend is 1.25p (0.7p).

The company declines to give any divisional breakdown, but says that sales and profits rose in each of its divisions, and expresses confidence about the outcome for the year. The results contain an extraordinary credit of £134,000 relating to the sale of a property in Liverpool.

The shares closed the day up 1p at 80p.

Midland-Crocker merger terms agreed

BY MARGARET HUGHES

Crocker National announced yesterday in San Francisco that its merger into Midland Bank had been completed. This followed approval by the shareholders of both companies and the settlement of shareholder litigation.

Midland is spending $244m (£194m) in acquiring the 43 per cent, which it does not already own, of its troubled West Coast subsidiary, which last year made one of the largest full-year deficits reported by a U.S. financial institution of $324.4m. This brings Midland's investment in Crocker to more than $1bn.

Midland Bank shareholders voted at an extraordinary meeting on Thursday. The total vote in favour, including proxy votes, amounted to a little less than 72m, with fewer than 700,000 votes against. At the Crocker meeting earlier this week more than 17m, or 98.06 per cent of the votes, were in favour, with 242,652 against and 97,000 abstentions.

The litigation brought by some Crocker shareholders in the Delaware courts, which had been delaying the merger, has been settled. Crocker has agreed to pay $1.75m in compensation and a similar amount in legal fees.

Under the merger terms each share of Crocker common stock will be exchanged for 0.54 shares of a new preference share which will carry an annual dividend of 11.5 per cent. The 8.3m publicly-held common shares will be exchanged for about 4.5m of the new preferred stock with fractional shares outstanding after the exchange being paid in cash.

Crocker said that the terms have been set so that the stock traded at about its stated value of $50 per share, equivalent to $27 per common share. Its existing $2.1875 preferred stock and 5.75 per cent debentures will continue to be traded on the New York Stock Exchange, while its $3.0 preferred stock will continue trading on the over-the-counter market. All these securities, which were formerly convertible into Crocker common stock, will now be convertible into the new preferred shares.

The merger document sent to Crocker shareholders, puts the cost of the new management team engaged to turn round Crocker, at $3.56m. It also details the severance settlement for the former chairman, Mr John Place. We will receive $10,000 a month for life starting from January 1 this year, medical insurance for both him and his wife until he is 65, though he has to continue to pay his share of the cost, and life insurance of $354,135. Mr Place is also being provided with office space, secretarial assistance, and use of the bank's chauffers and limousines. Crocker will also meet the costs of his income tax return for 1984 when he earned $400,000.

LMI forecasts near £8m

London and Midland Industrials (LMI) yesterday extended its contested £44m takeover offer for Allied Textile Companies until June 14 and estimated that its pre-tax profits in the year to end-March were not less than £7.7m, up from £5m in 1983-84.

By yesterday afternoon, the second closing date of its offer, LMI had received acceptances from the holders of only 0.113 per cent of ATC shares.

A major new element was injected into the battle last week when ATC announced plans to buy the unquoted Mayfield textile company in a deal it said was conditional on the LMI bid lapsing.

LMI said yesterday that it was clear from reading the ATC circular on the matter that the principal vendors of Mayfield could waive this condition, allowing the acquisition to proceed before the outcome of LMI's offer was decided.

LMI believed that the mechanics for Mayfield's acquisition, whether by accident or design, might have the effect of frustrating the LMI offer.

LMI therefore intended to request an adjournment of the extraordinary general meeting, convened for June 6, and to requisition a meeting of ATC shareholders after June 14—the final date of LMI's offer—to consider the Mayfield issue.

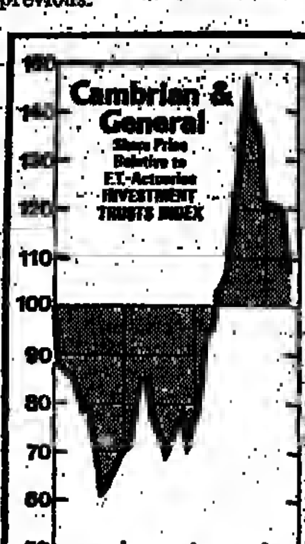
DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Adam Leisure‡ ......int.	Nil	—	1	—	1
Burns-Anderson ......int.	1.25	—	0.7	—	2.42
Cambrian & Gen.† ...int.	0.25	July 6	0.25	—	1
Castings	2.75	—	2.5	3.75	3.25
Delyn Packaging	1.5	July 12	1.5	2.5	2.8
Hambros Inv.	3.1	—	2.7	4.2	3.7
Intervision Video	Nil	—	0.5	Nil	1
Kelsey ....int.	2.5	—	2.5	—	8
MacDonald Martin "A"	13.6	—	12.5	16.5	15.5
Morland ....int.	2.25	July 1	2	—	5.75
Prince of Wales	1	—	1*	1.5	1.5*
H. Samuel	3.17†	July 29	3.17*	4.17	4.17*
Sangers Photo‡	1.25	July 19	—	2	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock.

Cambrian and General net assets rise 30p

COSTS of £3.25m in connection with Cambrian & General Securities recent guaranteed bonds and floating notes issues, have reduced the net asset value per ordinary share by 3.88p to 120.97p, for the half year ended March 31 1985, although this is still 29.91p higher than a year previous.



Net asset value per capital share expanded from 103.25p to 152.04p despite a 9.34p reduction from the write off.

After tax of £35,291 (£91,262) for the six months, revenue was £125,907, against £103,655, equal to 0.271p (£0.311p) per share. The interim dividend is maintained at 0.25p on capital increased by last year's rights issue—last year's final payment was 0.75p.

Including deposits, a valuation of investments, as at March 31 1985, totalled £130.6m (£76.6m).

Sangers record profit

Sangers Photographics saw taxable profits rise by more than 50 per cent to a record £718,000 for the year to the end of February 1985. Turnover rose by 11 per cent from £20.71m to £23m.

A final payment of 1.25p is being proposed, making the total 2p, which is 60 per cent higher than the forecast of 1.25p made at the time of the USM placing in February last year.

Mr Richard Branson, the chairman, says that profits have benefited from close attention to productivity which has resulted in considerable cost reductions.

Intervision in red

With a considerable decline in the market for video cassettes Intervision Video (Holdings) fell into the red in the 17 months to the end of November 1984 with losses of £623,000, compared with profits for the previous 12 months of £1.8m. Turnover fell by almost 50 per cent from £6.09m to £3.23m.

The final dividend is passed, as was the interim. Last year there was a total payment of 1p.

Directors anticipate a small loss in the first half of the current year, but a return to profits in the full year.

The accounts have been prepared on a going-concern basis which is dependent on the continuing support of the company's bankers and the generation of sufficient future revenue.

BMW looks to another good year for earnings

BY JOHN DAVIES IN MUNICH

BMW, the West German prestige car and motor-cycle maker, is confident it will have another good year, despite starting off with a severe setback in car sales in the domestic market.

Herr Eberhard von Kuenheim, the chief executive, said yesterday that sales abroad had been going ahead strongly, while domestic orders and new registrations had picked up substantially this month.

In spite of prohlems on its home terrain, the BMW group's world-wide sales revenne resched DM 6.6bn in the first four months of this year, up 11 per cent on a year ago.

Earnings had shown a "corresponding" increase, he said. He was sure that car production, deliveries to customers and sales revenue would all increase this year, which should be a "typical" BMW year on top of its record performance last year.

While the West German market as e whole has sagged, BMW's sales have been hit even more sharply, in contrast to Daimler-Benz, which has actually improved its performance.

BMW's new registrations in the first quarter were down a third on a year ago, although the decline narrowed a little to 29 per cent in the first four months, Herr von Kuenheim said.

The drop was partly because BMW had lifted its sales a year ago, aided by new models. But there was also the "psychological" factor thet BMW customers reacted very sensitively to the uncertainty over proposed anti-pollution controls.

Even so, BMW's car production reached 164,900 in the first four months of this year, the 2 per cent decline on a year ago being attribnted to fewer working days.

Exports lift Sharp and Fujitsu

BY CARLA RAPOPORT

SHARP and Fujitsu, two of Japan's leading electronics companies, yesterday reported sharply improved parent company earnings for the year ended March, largely thanks to their strong exports.

Fuitsu, a major semicondnctor and communications equipment manufacturer, boosted its pre-tax profits by 48.3 per cent to Y117bn ($465.7m) on sales up 30.3 per cent to Y1,291bn. It predicts slower growth in the current year, bowever, because of heavy price competition in semiconductors and a slowdown in the U.S. economy.

The company added that its profits last year had been boosted by a Y4bn gain on foreign exchange. Exports jumped almost 36 per cent to Y326bn, which is nearly e quarter of Fujitsu's overall sales. The company said that information processing equipment showed tbe best gains in the year, with sales np by 31 per cent to Y918bn.

Net income went up by 41 per cent to Y 63bn, with earnings by share up to Y 48.7 from Y 40 in the previous year.

Sharp, s world-wide leader in the electric appliance and business machines sector, showed pre-tax profits up by 21.5 per cent at Y 63bn, on sales which at Y 909.5bn increased by 20 per cent. Exports were up 30 per cent with sales of televisions, video cassette recorders, and domestie electrical appliances sbowing the best growth. Exports now account for almost 62 per cent of Sharp's sales.

Net income in the year was up 16.5 per cent to Y34bn, while earnings per share rose to Y 46.29 from Y 41.17. For the current year, Sharp predicts s slow down to a 10 per eent increase in pre-tax profits and sales

Sharp boosted its dividend to Y 11 from Y 10 wbile Fujitu's payment was lifted to Y 9 from Y 7.75.

Marubeni registers 63% gain

BY OUR TOKYO STAFF

MARUBENI, ona of Japan'a largest trading companies, has registered a 63.5 per cent increase in pre-tax profits to Y37bn ($147.3m) on sales up 14.7 per cent to Y13,563bn for the year to March.

The company's fortunes, like the other trading houaes in Japan, are geared primarily to the strength of the U.S. and domestic economies. In line with its fellow trading companies, Marubeni is expecting little to no growth at the pre-tax level in the current year.

Its main trading strengths remained in the machinery, fuel and textile sectors last year. Net income rose 19.5 per cent to Y8.2bn with earnings per share up to Y9 compared to Y4.12 in the previous year. Yesterday's figures were unconsolidated.

● C. Itoh & Co., another of the trading house leaders, showed a more modest 29.3 per eent gain in taxable earnings to Y40.04bn, on sales 8.4 per cent ehead at YY14,077bn, adds our Financial staff. At the net level esrnings emerged at Y5.42bn or Y6.28 a share, compared with Y3.41bn or Y3.95 s share previously.

Nissho Iwai, another in the sector, achieved a 43.2 per cent pre-tax boost to Y19.13bn, founded on sales up by 9.8 per cent to Y8.552hn. Net earnings were lower, however, at Y4.32bn or Y7.80 a share, against Y5.79bn or Y11.72 per share.

MHI boosted by industrial machinery side

By Yoko Shibata in Tokyo

MITSUBISHI Heavy Industries (MHI), Japan's largest heavy machinery maker and shipbuilder, achieved pre-tax profits of Y87.25bn ($347.3m) for the year to March, a surge of 64.6 per cent from the previous Y53bn.

Strong orders for industrial machinery, helped by active capital investment in the U.S. and Japan, provided a major boost. Net profits moved ahead 33.3 per cent to Y35.94bn on turnover of Y1,999.75hn, up by 4.8 per cent. Net profits per share were Y14.04 against Y10.66.

Total orders received in the topped the Y2,000bn level for the first time to reach Y2,116.8bn. Export sales declined by 20 per cent, hit by a steep fall in chemical plant exports, which were down 82 per eent.

Earnings began to benefit from the effects rationalisation in the shipbuilding sector through job cuts and the adoption of e huilding process using computer aided design and robots for welding and painting.

Strong advance by Nomura

By Our Financial Staff

NOMURA Securities, Japan's largest brokerage bouse, boosted consolidated net profits by a third to reach Y55.05bn ($219.1m) in the half-year to March.

The result — Y32.65 e share against Y24.66—was founded on revenue 26.5 per eent ahead at Y282.44bn. Pre-tax profits were Y125.61hn, up 34.4 par cent.

On a parent company only hasis, pre-tax earnings had emerged more strongly ahead—up 40.9 per cent at Y105.28bn

TWA goes on the attack in response to Icahn bid

BY TERRY DODSWORTH IN NEW YORK

TRANS WORLD AIRLINES, the large U.S. transatlantie carrier, has responded to the takeover offer from Mr Carl Icahn, tbe Wall Street investor, with an aggressive counter attack in Washintgon and the courts.

The company has gone onto the offensive by asking the Department of Transportation to examine Mr Icahn's fitness to run an airline, asking the suthorities to prevent any further approach by Mr Icahn until the investigation is completed.

At the same time, Mr C. E. Meyer, the airline's chairman, told a Senate commerce committee looking into takeovers that Mr Icahn was a "threat" to TWA, who would siphon money from it and, over a period of time, liquidate it or "make it unable to compete."

In s further move against Mr Icahn, the company has filed suit in a court in St Louia, wbere TWA is headquartered, accusing him of "extortionate greenmail scheme."

This charge is apparently designed to draw on the precedent set in the recent Delaware court ruling against Mr T. Boone Pickens in his abortive takeover hid for Unocal,

Mr Pickens largely lost that battle because the court decided that tbe company had a right to defend itself with unusually sggressive tactics against a raider whose record suggested that he might he looking for greenmail — the practice of forcing companies to pay a premium price to buy out a block of hostile shares.

The suit named a long list of compsnies from which, it claimed, Mr Icabn had accepted greenmail in the past.

Br Icahn has shown that he is aware that he is open to this sort of attack in the way he was gone aboot his $18 a sbare bld for TWA, which valnes the company at $600m.

In bis offer, ha insisted that he would not accept greenmail, that he would pay cash, and that all shareholders would receive identical treatment. He also promised to continue to operate the airline.

More price cuts by IBM

BY PAUL TAYLOR IN NEW YORK

INTERNATIONAL Business Machines (IBM), the world's largest computer maker, yesterday again slashed prices on several of its personal computer models, incinding its ill-fsted PC Jr home computer which IBM bas ceased making but fiercely maintains it has not abandoned.

The move, the latest in a series of sharp price reductions, appears aimed et re-positioning the company's personal computer product line and clearing stocks in preparation for an expected slew of new product announcements doe shortly.

The reductions, which are effective immedietely, sent shares of other U.S. computer makers tumbling.

Tho latest reductions, whieh come just seven weeks after IBM cut prices on its personal computer line by between 4 and 12 per cent, affect the PC Jr and its colour display, and IBM's portahle personal computer—a basic PC paekaged in a sewing-machine-styla transportable case.

IBM said it was reducing the price of a PC Jr with 128K of memory and a single 360K disk drive by 27 per cent to $725 from $999. In addition the PC Jr colour video display unit's price will be cut by 7 per cent to $399.

Two charged over Carrian conspiracy

BY DAVID DODWELL IN HONG KONG

HONG KONG police yesterday arrested two local businessmen on charges of conspiracy to defraud in connection with Carrian Investments, the property and shipping group headed by Mr George Tan that was put into liquidation in October 1983.

Public prosecutors in Hong Kong also revealed that they were seeking a bill to short-cut lengthy commital proceedings against the two men. This would enable them to be tried alongside five others who were charged in connection with Carrian a year ago.

The collapse of Carrian—with debts estimated at more than HK$10bn (US$1.3bn)—has allegedly been linked with murder, a suicide, and a scandal at the highest level of the Malaysian Government. The company's main creditor was the Hong Kong subsidiary of Bank Bumiputra, Malaysia's biggest bank.

The two charged yesterday were Mr Rogerio Lam, and his brother Mr Steven Lam, both executives in Bylamson Associates. As with the other five men, tha charges are linked with the alleged sale by Bylamson to Carrisn of Gammon House in Hong Kong's central district for HK$1.68bn. Gammon Housa is now called the Bank of America building.

The two men have also been charged with making a public statement that they had sold Gammon House. They have been remanded on bail until June 21. Mr Rogerio Lam has been granted bail totalling HK$600,000 and his brother HK$850,000, in cash and securities. They have surrendered their travel documents.

Mr George Tan, the former head of Carrian Investments, and four associates were committed for full trial just over a month ago after committal proceedings that began in October last year. Also charged with conspiracy to refraud shareholders in Carrian are Mr Bentley Ho, a former director of Carrian, and Mr David Begg and Mr Anthony Lo, a partner and employee respectively of Price Waterhouse, the accountancy firm.

Separate charges of conspiracy to defraud are faced by Mr Richard Wallis, a solicitor in Deacons, the leading Hong Kong law firm, and the two former Carrian executives.

Public prosecutors said yesterday that the full trial is likely to begin next January.

Lufthansa pays more after surge in income

By Rupert Cornwell in Cologne

LUFTHANSA, the West German state airline, yesterday unvelled a doubling of net profits last year to DM 162m ($52.8m) and an increase in total dividend to DM 4.50 a share from DM 3.50 for 1983.

The profit, achieved in what Herr Heinz Ruhnau, Lufthansa's chief executive described as an "exceptional" 1984, compares with DM 63m the previous year. But he warned that earnings for 1985 were bound to be less, despite further rises of 5.6 and 0.4 per cent respectively in passenger and freight business over the first four months.

All in all, Lufthansa boosted total revenues to DM 10.37bn in 1984 from DM 8.82bn in 1983. Income from flight operations jumped to DM 8.5bn from DM 7.34bn, and profits in this area almost quintupled to DM 509m. Investments at almost DM 1.3bn were financed almost entirely from group resources.

The figures underline tho scope for partial privatisation of the airline—should the state decide to reduce its 80 per cent share in Lufthansa's DM 900m capital.

However, hostility from Herr Franz-Josef Strauss, the Bavarian leader, above all, seems to have pushed any such scheme into abeyance—at least for the time being. Tha Lufthansa board, itself understood to be cool to the idea, yesterday carefully avoided any comment on the controversy.

The airline, however, did confirm the purchase of a 10 per cent direct stake in the luxury Kempinski botel chain, as well as a deal to ecquire an interest in the German operations of the Avis car hire company.

Herr Ruhnau underlined Lufthansa's abiding opposition to any sweeping deregulation, along U.S. lines, of the European air travel market. The company'a target, he said. was a reform of the present structure of European air traffic, "bot not its elimination."

Record profits for KLM

By Laura Raun in Amsterdam

KLM Royal Dutch Airlines nearly tripled its profit to a record Fl 290m ($83.3m) in 1984-85 from Fl 103m in the previous year, despita a loss in the final quarter.

Tha surge in full-year earnings has prompted speculation that the national airline would declare a dividend for the first time in six years, with predictions ranging from Fl 1.60 to Fl 2 a share. KLM will announce whether it is resuming payment and give full details of the 1984-1985 results on June 20.

The airline, which is 55 per cent owned by the Dutch Government, lost Fl 48.5m in the fourth quarter ended March 31, which historically is weak dne to the winter season. Traffic growth, however, was strong.

For the whole year, net income was boosted by the absence of a corporate tax liability. The standard corporate tax rate is a hefty 43 per cent.

In the third quarter—which also often la depressed by the winter season—KLM reported a profit, thereby virtuelly assuring record earnings.

Revenues climbed 12 per cent to Fl 5.6bn for the year from Fl 5bn in 1983-84. KLM previously announced that total traffic rose 10 per cent and that the load factor was 70 per cent last year.

Mr Sergio Orlandini, the head of KLM, has campaigned actively for higher profitability in order to resume dividend payments. The airline is run as e private enterprise and receives no operating subsidies from the Dutch Government.

TDB ahead at half-time

By Robert Gibbens in Montreal

TORONTO-DOMINION Bank, tho first of the six major Canadian chartered banks to report for the April 30 quarter, posted a sizeable increase in earnings and assets.

Second quarter net profits were C$107.4m (US$78.4m) or 76 cents a share, against C$88.9m or 65 cents a year earlier. In tbe first six months of fiscal 1985 earnings were C$208.6m or C$1.48 e share against C$174.2m or C$1.33 a year earlier.

Interest income in the first six months was C$2bn against C$1.85bn. Assets at April 30 were C$48.6bn, up from C$45bn a year earlier.

TDB said its second-quarter provision for loan losses rose to C$126m from C$96m, while actual loss experienco was C$144m, np from C$131m a year earlier.

A reduction in non-accrual loans in Western Canada during the second quarter was partly offset by an increase in sovereign risk non-accrual loans, resulting in an overall decline of C$120m in non-accrual loans.

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WORLD STOCK MARKETS

WALL STREET

Prices drift before long weekend

STOCK PRICES drifted to stand mixed oo Wall Street yesterday, wbeo trading was aimless ahead of ths long boliday weekend — Memorial Day oo Mooday.

By 1 pm ths Dow Jooes Industrial Average was up 3.36 to *1300.07, makiog a rise of 14.75* on the wssk, while the NYSE All Commoo index, at $108.66, gained 19 ceots on ths day and a oet 18 cents oo ths week. But lossses led gains by a slight margin in a trading volume down 3.5m shares at 67.92m, compared with 1 pm Thursday.

Traders said the market drew encouragement from the lack of significant follow through selling in Bank stocks, which were mixed, after being off sharply Thursday.

"Tho market just bas too much strength to abort its rally right oow," *said George Pirrooz, of* Dreyfus Corporation. "It's oo an optreod and it just doesn't want to take a nosedive," bs added.

He said tho market epparently has shrugged off concern over higher interest rates, sparked earlier this week in comments by economist Henry Kaufman.

Pirrone said yesterday's activity has been highlighted by "a lot of little things that add up," with no ons stock group moving ths market.

Upjohn advanced a further $3½ to $112, after a rise of $6¾ on Thursday—the stock bas attracted an enthusiastic following because of several drug products.

Banks halted their fall after plunging Thursday oo, later-denied rumours, that Argeotine would nationalise its banking. Citicorp were up $½ a $47½, Chemical $⅜ to $41½ and Chase Manhattan also $½ to $58⅞. J. P. Morgan shed $½ to $49⅝ and Manufacturers Hanover were off $½ at $38⅞.

IBM eased $¾ to $131½ after cutting prices on its portable computers and the PC JR model.

THE AMERICAN SE Market Value index gained 0.38 to 229.85, reducing its loss on the week to 0.91, while the volume decreased 1.17m shares to 4.37m compared with 1 p.m. Thursday.

Closing prices for North America were not available for this edition.

CANADA

Stocks put behind two days of losses to post an advance by midsessioo, as investors indicated general approval of Thursday's Canadiao budget statement.

The Toronto Composite index regained 11.6 to 2,702.9. Metals aod Minerals firmed 2.7 to 2,019.2 and Oil and Gas rose 25.0 to 3,433.1. But Golds shed 16.7 to 3,927.6.

Topping actives, Imasco fell $1⅞ to $27½ oo trading of 370,259 shares—its major lines are Tobacco, Cosmetics and Health Care products, each of which will be subject to higher taxes.

Fioancial institutions offered a mixed reactioo to the budget, which will impose a new two-year tax of 1 per cent annually on capital.

The Lac Minerals group, plaoniog a major corporate restructuring, continued to lose grouod as *Lac fell $1 to $31*. Lake Shore Mines $1½ to $82 and Wright-Hargreaves $⅜ to $14½.

TOKYO

Share prices fell in very active trading—530m (550m) shares—driving the Nikkei Dow market average down 55.28 to 12,503.85.

Wall Street's recent fall undermined international populars, and the approaching end of May transactions kept many investors on the sidelines as domestic-orientated and speculative shares, which led this week's earlier climb, fell back on profit-taking.

"There is a general feeling export-orientated shares are unreliable and unprofitable," one dealer said. "Prices dropped sharply last week, but when foreign investors started buying, local dealers started selling off for themselves," he added.

In a reactioo to the earlier rises, Steels, Minings and non-Ferrous Metals fell aod most Constructions and Financials eased. Biotechnology-related shares closed mixed as no fresh incentives surfaced.

Against the general trend, Railways advanced and some *Properties* and *Fisheries* climbed.

Utilities, which had climbed earlier on the U.S. discount rate cut, and Oils which benefited from the yen's strength softened yesterday.

Trading of Maruzen Oil and Daikyo Oil shares was suspended to prevent possible trading confusion due to a Press report suggesting the companies had agreed to merge.

GERMANY

Mixed close in active trading, with strong foreign demand for selected shares. The Commerzbank stock index, calculated at midsession, rose 9.2 to yet another record of 1,303.8.

Sentiment remained strong on the flood of firm Corporate earnings in recent weeks which reinforced expectations of steady domestic economic growth.

Car maker Daimler moved up DM 37 to 795, aided by strong earnings and recent moves into high-technology areas. BMW rose DM 8.50 to 397, VW, DM 2.60 to 243.90 and Porsche, DM 10 to 1,229.

But Banks fell after strong recent gains and as declines in market interest rates bottomed out.

Chemicals ended little changed.

A reassessment of AEG pushed the share price DM 4.90 higher at 124.50.

In Electricals and high techs, Varta advanced DM 14 to 223 but IWKA fell DM 7.50 to 308.50.

Lufthansa improved DM 3 to 199, aided by news of sharply higher 1984 net profits.

Stores were mixed, Steels mostly firmer, while Metals were mostly easier.

SWITZERLAND

Domestic stock prices ended mixed in heavy trading, with the overnight decline on Wall Street having virtually no impact.

Active demand pushed second-line issues higher, while Blue Chips and recently favoured Insurances and Banks turned steady to lower.

In special situation stocks, Nestle ended steady after the shareholders meeting. But in Insurances, Swiss Reinsurance Bearer dropped Frs 750 to 11,600 after it said it expects little changed profits for 1984, compared with the previous year.

Swiss bonds finished mixed to higher in quiet trading.

Dollar stocks were around overnight New York closing levels in moderately active trading.

HONG KONG

Lower as selling pressure mounted.

The Hang Seng Index fell 20.46 to 1,596.84. Turnover $HK315.66 ($HK298.23m).

The market could consolidate further as buying support was weak in the face of institutional selling, brokers said.

Kader began trading at $HK1.90 but ended at $HK1.67, compared with the $HK1.85 subscription price.

SINGAPORE

Share prices fell over a broad front on lack of follow-through buying and increased profit-taking in moderate trading. Falls led gains by about a three-to-one majority, but price changes were mostly small.

The Straits Times Industrial indexx lost 2.74 to 813.24 and *the SE all share indexxx 0.43 to* 189.40. Turnover 6.8m (7.6m) shares.

Hotels, Properties and Commodities were a shade easier, where traded.

AUSTRALIA

Easier in a continuing technical correction to recent highs, brokers said. Offshore buyers withdrew from markets ahead of the long weekend in New York and London, and major Resource stocks suffered as a result.

BHP fell 14 cents to A$6.32—it had its first board meeting in Sydney since 1920 and publicly announced it plans to court more investors from the U.S. to buy shares. All Ordinaries index lost 4.2 to 883.2, the Resources index 4.6 to 601.0, All Industrials 3.3 to 1,244.6, Metals and Minerals 2.7 to 558.1 and Oil and Gas 1.0 to 654.4. The Gold index dipped 71 to 946.2, for a loss of more than 50 points since Monday when it broke the 1,000 barrier for the first time—it reached a high of 1,0016.

National turnover 38.8m shares, worth A$2.5m.

CANADA

Stock	May 23	May 22
AMCA-Intl	15	14⅞
Abitibi	18⅞	12¼
Agnico Eagle	16¾	13⅞
Alberta Energy	21⅛	21⅛
Alcan Aluminium	33½	35⅞
Algoma Steel	22½	22
Argen Inc	25⅛	62⅛
Bank Montreal	27⅝	27⅝
Bank NovaScotia	12⅞	13
BCE	41⅞	42½
Bombardier A.	15½	14⅞
Bow Valley	17¼	17¼
BP Canada Res.	34½	34⅝
Brascan A	25	29⅝
Brinco	1.90	1.90
B.C. Forest	9¼	9½
CIL Inc	22	28¼
CadillacFairview	14⅝	14½
Cambell Red Lk.	28¼	28½
Can. Cement Pt.	10¾	10¾
Can. NW Energy.	23	22
Can. Packers	22	22½
Can. Trustco	37	37
Can. Imp. Bank	33⅞	33⅞
Can. Pacific	12¾	19¾
Can Pac. Ents.	29¼	29⅝
Can. Tire G	2⅝	9¼
Canfer	2⅝	10
Carling O'Kfe	15¾	18⅝
Chieftain	11½	12⅝
Cominco	13½	13½
Conigas Mines	6½	8½
Cons. Bathst. A	16⅝	16½
Copper Lake	0.83	0.20
Coremark Int.	3½	6¾
Costain	10	2½
Denison Mines A	13½	13¾
Dofasco Inc.	24⅝	23
Dome Mines	12⅛	12½
Dome Petroleum	3.15	3.20
Domtar	38¼	39
Falconbridge	20⅝	20⅝
Fed. Inds A	22¼	22¾
Grendis A	29¼	29⅛
Genstar	30⅝	30¼
Giant Y'knife	14⅝	14⅝
Gt. West Life	3.66	3.66
Gulf Canada	18⅛	19⅝
Hawker Sid. Can.	19½	19¾
Hudson's Bay	16⅝	15½
Husky Oil	11⅛	11¼
Imasco	28⅝	28⅝
Imperial Oil A	31	51⅝
Inco	19¼	12⅝
Indal	13½	15¼
Interprov. Pipe	39⅝	39¼
Labatt (John)	27	27⅛
Lac Minerals	32	33⅞
Loblaw	18	18
Macmill Bloedel.	21	20¾
Merks & Spencer	8	8¼
Massey Ferguson	2.25	2.95
McIntyre Mines	46	47½
Mitel Corpn.	9¼	2¼
Molson A	17⅝	17¾
Moore Corp.	63	28¾
Nat. Sea Prods A	7¾	6
Noranda Inc.	14¾	14⅝
Norcen Energy	18¼	16⅛
Nth. Telecom	60¾	31½
Nova Alberta	5⅞	3⅞
Numac Oil & Gas	13	13⅝
Oakwood Pet.	9	2
Pan Can Pet	35	35½
Placer Dev.	25⅞	25¾
Power Corp	33	33⅞
Quebec Sturgeon	4.15	4.25
Ranger Oil	4.50	4.60
Read. St'house A	21	21¼
Rio Algom	24¾	24¾
Royal Bank Can.	29¾	22½
Royal Trust A.	12½	20¼
Sceptre Res	3¼	3¼
Seagram	56⅛	57¾
Sears Can. Inc.	8⅞	8⅞
Shell Can. A	26¼	29⅝
Stelco A	12¾	20
Teck B	13¼	13½
Texaco Canada	34⅝	34⅝
ThomsonNews A	20½	20⅝
Toronto Dom. Bk	20¾	21¼
Transalta A	26½	26½
Trans. Can. Pipe.	23⅞	27⅛
Walker Hiram	30⅝	31
W. coast Trans.	17¼	17½
Weston (Geo.)	63	82½

AUSTRIA

May 24	Price Sch%	+ or —
Creditanstalt	333	.....
Goesser	531	—3
Interunfall	1,205	+55
Laenderbank	323	+1
Perlmooser	580	+12
Steyr-Daimler	189	—1
Veitscher Mag	519	.....

GERMANY

May 24	Price Dm.	+ or —
AEG-Telef	124.5	+3.9
Allianz Vers	1262xr	—24
BASF	214.2	—0.1
Bayer	224.8	—0.2
Bayer-Hypo	344.0	+0.5
Bayer-Verein	346xd	—2
BHF-Bank	305	—2

NORWAY

May. 24	Price Kroner	+ or —
Bergens Bank	143.6	—0.5
Borregaard	395.0	+7.5
Christiania Bank	140.5	—1.0
DenNorske Cred	147.5	.....
Elkem	145	.....
Kvaerner	166	+3
Norsk Data	411	+1

AUSTRALIA (continued)

May 24	Price Aust.$	+ or —
Gen. Pro. Trust	2.3	—0.2
Hardie (James)	3.24	+0.01
Hartogen Energy	3.35	+0.05
Herald W'y Times	4.8	+0.05
ICI Aust.	2.03	+0.03
Jimberlana F.P.	0.35	—0.01
Kia Ora Gold	0.15	—0.01
Lend Lease	6.9	.....

JAPAN (continued)

May 24	Price Yen	+ or —
MHI	285	+2
Mitsui	356	—5
Mitsui Estate	785	+20
Mitsukoshi	544	—13
NGK Insulators	865	—7
Nihon Cement	392	+8
Nippon Denso	1,360	—30

Indices

NEW YORK

NEW YORK ACTIVE STOCKS

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Thin trading

The dollar finished below its best level but up from Thursday in very quiet trading yesterday. With both UK and U.S. centres closed on Monday, trading was confined to last minute book squaring. The dollar did touch a best level of DM 3.0990 against the D-mark but once again baulked at the idea of pushing through DM 3.10. It closed at DM 3.0920 from DM 3.0750 and SwFr 2.6055 compared with SwFr 2.5845. Against the yen it eased to Y251.05 from Y251.20 but rose against the French franc to FFr 9.4350 from FFr 9.4125. On Bank of England figures, the dollar's index was 146.0 against 146.1.

Sterling finished slightly firmer overall. Its exchange rate index closed at 79.1 up from 78.9 on Thursday although it touched 79.4 earlier in the day. Against the dollar sterling eased slightly to $1.2600 from $1.2625 but improved against the D-mark to DM 3.89 from DM 3.88 and SwFr 3.2775 from SwFr 3.26. It was unchanged against the yen at Y316.50 but rose against the French franc to FFr 11.8725 from FFr 11.8425.

STERLING INDEX

	May 24	Previous		May 24	Previous
8.30 am	78.4	78.9	1.00 pm	79.0	79.0
9.00 am	79.4	78.9	2.00 pm	79.1	79.0
10.00 am	79.4	79.0	3.00 pm	79.0	79.0
11.00 am	79.4	79.0	4.00 pm	79.1	78.9
Noon	79.3	79.0			

£ IN NEW YORK

	May 24	Prev. close
£ Spot	$1.2600-1.2610	$1.2675-1.2690
1 month	0.51-0.49 pm	0.52-0.50 pm
3 months	1.44-1.40 pm	1.40-1.37 pm
12 months	6.74-3.64 pm	3.65-3.60 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

May 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2540-1.2710	1.2595-1.2605	0.51-0.46c pm	4.71	1.42-1.38pm	4.44
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.77
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.29
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.40
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.15
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.69
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.75
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.03
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.81
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.04
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.22
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.23
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.40
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.20
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.62
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.09

Belgian rate is for convertible francs. Financial franc 79.00-79.10. Six-month forward dollar 2.45-2.40c pm. 12-month 3.70-3.60c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2540-1.2710	1.2595-1.2605	0.51-0.46c pm	4.71	1.42-1.38pm	4.44
Ireland†	[illegible]	[illegible]	[illegible]	4.27	[illegible]	3.94
Canada	1.3706-1.37650	1.3740-1.3750	5.21-0.24c dis	−1.97	0.53-0.58dis	−1.62
Nethlnd.	3.4640-3.4950	3.4935-3.4945	0.20-0.17c pm	0.64	0.83-0.85pm	1.00
Belgium	61.80-62.40	62.30-62.40	0-7c dis	−1.26	15.17dis	−1.03
Denmark	11.02-11.12	11.08¾-11.09¼	1-1½ore dis	−1.36	2¾-3¾dis	−1.09
W. Ger.	3.0880-3.0990	3.0915-3.0925	0.60-0.55pf pm	2.24	1.91-1.88pm	2.45
Portugal	173½-176	174-175½	200-500c dis	−24.14	450-1150dis	−18.39
Spain	173½-175	174-174½	68-73c dis	−4.86	215-240dis	−5.22
Italy	1960-1978	1977-1978	8½-9½lira dis	−5.34	24½-25dis	−5.01
Norway	8.84-8.89¼	8.88½-8.89¼	3½-3¾ore dis	−4.74	9½-10¼dis	−4.52
France	9.39¾-9.44	9.43¼-9.43¾	1.78-1.88c dis	−2.34	5.10-5.35dis	−2.22
Sweden	8.89¼-8.90¾	8.92¾-8.93¼	6-6½ore dis	−8.42	17¼-17¾dis	−7.86
Japan	250.75-251.18	251.00-251.10	0.36-0.32y pm	1.63	1.11-1.06pm	1.73
Austria	21.69-21.72	21.68-21.72	2¼-1¾gro pm	1.25	6¼-5¼pm	1.25
Switz.	2.5820-2.6060	2.6050-2.6060	0.55-0.50c pm	2.45	1.75-1.70pm	2.67

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.80-62.90.

OTHER CURRENCIES

May 24	£	$		£ Note Rates
Argentine Peso	695.91-688.77	552.04-559.54	Austria	27.25-27.55
Australia Dollar	1.8475-1.8515	1.4650-1.4675	Belgium	78.40-79.05
Brazil Cruzeiro	6,700-6,730	5,3_0-5,550	Denmark	13.99-14.09
Finland Markka	8.0750-8.1150	6.4150-6.4900	France	11.84-11.96
Greek Drachma	1.7023-178.96	134.24-167.06	Germany	3.88-3.88
HongKong Dollar	9.7880-9.7930	7.7695-7.7715	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
KuwaitDinar(KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
NewZealandDlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

* Selling rate.

EXCHANGE CROSS RATES

May 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.260	3.890	316.5	11.87	3.978	4.393	2491.	1.798	79.30
U.S. Dollar	0.794	1.	3.099	251.1	9.456	3.606	3.494	1976.	1.371	69.56
Deutschemark	0.257	0.324	1.	81.36	3.052	0.843	1.128	640.2	0.444	20.13
Japanese Yen 1,000	3.160	3.981	12.29	1000.	37.51	10.36	13.82	7869.	5.458	247.4
French Franc 10	0.842	1.061	3.276	26.66	10.	2.761	3.700	2098.	1.456	66.86
Swiss Franc	0.305	0.384	1.187	96.57	3.620	1.	1.340	759.9	0.527	25.69
Dutch Guilder	0.228	0.287	0.886	72.05	2.706	0.746	1.	567.0	0.395	17.85
Italian Lira 1,000	0.402	0.506	1.562	127.1	4.767	1.316	1.764	1000.	0.694	31.44
Canadian Dollar	0.579	0.729	2.251	183.2	6.873	1.997	2.543	1446.	1.	45.35
Belgian Franc 100	1.277	1.609	4.966	404.2	15.16	4.186	5.610	3181.	2.206	100.

MONEY MARKETS

Little change

Interest rates were hardly changed in London yesterday ahead of the long weekend. Sterling's overall strength removed any concern about currency markets while any desire to push rates lower was effectively stopped by money supply and inflation worries. Three-month interbank money finished at 12⅞-12⅞ pc unchanged from Thursday while three-month eligible bank bills were bid at 12 pc compared with 11⅞ pc. Weekend interbank money opened at 12¼-12½ pc and eased to 9 pc before late demand pushed it up to 13 per cent.

The Bank of England forecast

UK clearing banks base lending rate 12¼-12½ per cent since April 19

a shortage of around £950m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £543m and the unwinding of previous sale and repurchase agreements a further £180m. In addition banks brought forward balances £60m below target and there was a rise in the note circulation of £235m. These were partly offset by Exchequer transactions which added £90m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £85m and comprised purchases of £4m of eligible bank bills in band 1 (up to 14 days) at 12⅜ per cent, £69m in band 2 (15-33 days) at 12¼ per cent, £10m in band 3 (34-63 days) at 12¼ per cent and £2m in band 4 (64-91 days) at 12 per cent.

The Bank gave additional help in the morning of £260m comprising purchases of £14m of eligible bank bills in band 1 at 12⅜ per cent, £74m in band 2 at 12¼ per cent and in band 3 £64m of Treasury bills and £3m of local authority bills all at 12¼ per cent. In band 4 it bought £12m of Treasury bills and £23m of eligible bank bills at 12 per cent.

In the afternoon the Bank revised the forecast to a shortage of around £900m before taking into account the earlier help and gave additional assistance of £592m, making a total of £937m. The afternoon help comprised purchases of £9m of local authority bills and £19m of eligible bank bills in band 1 at 12⅜ per cent, £96m in band 2 at 12¼ per cent and £96m in band 3 at 12¼ per cent. It also arranged sale and repurchase agreements on £372m of bills at 12¼ per cent, unwinding on June 19. The Bank also announced its intention to renew temporary facilities, which if fully taken up would be worth £1bn and would run from May 31 to June 28. This will replace around £1.5bn of facilities maturing on May 31 and effectively reduces the maximum available through temporary facilities to 3 per cent from 3½ per cent of banks' eligible liabilities.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

May 24 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	9-13	[illegible]	11-12½	[illegible]	—	—	—	—	—
2 Days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 Days notice	—	[illegible]	[illegible]	12½	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	—	[illegible]	12⅛	12¼	12⅛	12¼	12⅜
Two months	[illegible]	[illegible]	[illegible]	—	[illegible]	12⅛	12⅛	12⅛	12⅛	12¾
Three months	[illegible]	[illegible]	[illegible]	—	[illegible]	11⅞	11⅞	12	11⅞	12⅝
Six months	[illegible]	[illegible]	[illegible]	—	—	—	—	11⅝	11⅞	12¼
Nine months	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	[illegible]	[illegible]	[illegible]	9¼-9⅜
Two months	[illegible]	—	[illegible]	[illegible]	[illegible]	8¼-9⅜
Three months	[illegible]	—	[illegible]	[illegible]	[illegible]	9⅛-9⅞
Six months	[illegible]	—	[illegible]	[illegible]	[illegible]	9⅛-9⅞
Nine months	[illegible]	—	[illegible]	[illegible]	—	—
One year	[illegible]	—	[illegible]	[illegible]	[illegible]	9⅝-9⅞
Two years	—	[illegible]	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period April 3 to May 7 (inclusive): 12.787 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12¾-13¾ per cent. Bank Deposit Rates for sums at seven days' notice 6.85-7.25 per cent (net). Treasury Bills: Average tender rate of discount 11.8217 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12¾ per cent; nine-12 months 12¾ per cent. Under £100,000 11¾ per cent from May 14. Deposits held under Series 6 12¾ per cent. The rate for all deposits withdrawn for cash 6 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 24)

3 months U.S. dollars	
bid 7 15/16	offer 8 1/16
6 months U.S. dollars	
bid 8 1/4	offer 8 3/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅛-12¾	7⅝-7¾	9-9¼	7½-7¾	1½-1¾	5¾-6	10⅛-10⅜	11⅛-13	9¼-9½	[illegible]	[illegible]	[illegible]
7 days' notice	12⅝-12¾	7⅝-7¾	9¼-9½	7⅛-7⅜	[illegible]	5⅝-5¾	10⅛-10⅜	11⅞-16	8⅞-9⅛	[illegible]	[illegible]	[illegible]
Month	12⅛-12¾	7¾-7⅞	9⅜-9½	7-7⅛	5⅞-5⅛	5⅝-5¾	10⅛-10¼	13½-15⅝	8⅞-9⅛	[illegible]	[illegible]	[illegible]
Three months	12⅞-12⅞	7⅞-8	8⅜-9⅝	6⅞-7⅛	5⅞-5⅛	5⅝-5¾	10⅜-10⅝	13-13⅛	9-9¼	[illegible]	[illegible]	[illegible]
Six months	12⅜-12⅝	8⅛-8⅜	9⅝-9⅞	6⅞-7	5¼-5⅜	5⅝-5¾	10⅜-10⅝	13¼-15⅝	9⅛-9⅜	[illegible]	[illegible]	[illegible]
One year	12⅛-12¼	8⅛-8⅜	9¾-10	6⅞-7	5⅜-5⅝	5¾-5⅞	10⅝-10⅞	14-14⅝	9⅜-9⅝	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 7⅝-7⅞ per cent; seven days 7¾-7⅞ per cent; one month 7¾-7⅞ per cent; three months 7⅞-8 per cent; six months 8⅜-8⅝ per cent; one year 8⅝-8⅞ per cent. Long-term Eurodollars: two years 9⅜-9⅝ per cent; three years 10⅛-10⅜ per cent; four years 10⅜-10⅝ per cent; five years 10¾-11 per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1130/1150	−15	$1375/1465	$1180/1210	$1085/1115
Antimony					
Free Market 99.6%	$2700/2860	+100	$3390/3380	$3075/3150	$2650/2550
Copper-Cash High Grade	£1184.5	−2	£1037.75	£1339	£1134.25
3 months Do. Do.+	£1168.5	−1.75	£1069.25	£1351.75	£1141.5
Gold per oz	$314.75	−7.75	$384.75	$333	$284.75
Lead Cash	£294.25	+0.25	£397.75	£391.5	£250.5
3 months	£300.75	+1	£330.25	£353.5	£298.25
Nickel					
Free Markets c.i.f. lb	260/280c	+1	215/265c	260/280c	215/245c
Palladium per oz	$151.75	−17	$159.50	$169.65	$101.75
Platinum per oz	$268.00	−11.5	$391.50	$301.25	$244.25
Quicksilver (76 lbs)	$290/298	+9	$290/308	$300/310	$280/290
Silver per oz	486.70p	−24.20	661.35p	576.90p	486.70p
6 months per oz	501.20p	−24.55	676.20p	594.90p	501.20p
Tin cash	£9598.5	+27.5	£9057.5	£10,227.5	£9250
3 months	£9580.5	+28	£9075	£10,232.5	£9225.5
Tungsten Ind	$79.03	—	$83.20	$83.85	$74.36
Wolfram (22.04 lb.)	$53/56	−5	$86/89	$76/78	$55/56
Zinc cash	£639	−15.5	£788.5	£844.5	£639
3 months	£645.5	−10	£693.5	£822.5	£645.5
Producers	$930/960	—	$1,050/1,080	$960	$900
GRAINS					
Barley Futures	£98.90t	−0.1	£107.30	£117.40	£98.40
Maize French	£149.50	−0.5	£147.50	£152.20	£146.50
WHEAT Futures	£99.70t	−0.2	£107.90	£124.95	£99.70
SPICES					
Cloves	£3,250	—	£5,300	£4,200	£3,200
Pepper white	$5,500	—	$5,250	$5,950	$3,300
black	$2,900	—	$1,200	$5,100	$2,100
OILS					
Coconut (Philippines)	$660	−40	$1,530	$950	$640
Palm Malayan	$600x	—	$975	$700	$565
SEEDS					
Copra (Philippines)	$390v	−40	$850	$575	$390
Soyabeans (U.S.)	$257.5	−5	$354	$266.4	$259
OTHER COMMODITIES					
Cocoa Futures July	£1797	+11.5	£2016.5	£2,066.5	£1773
Coffee Futures July	£2094.5	+10.5	£2450.5	£2,457	£2027.5
Cotton Index	64.45c	−0.6	89.70c	71.90c	64.45c
Dcs. Coconut	£928	+85	£1120	£1,260	£840
Gas Oil Fut. July	$218.5	+4.75	$252.5	$255.5	$213.75
Jute U/A BWD grade	$750	−40	$500	$940	$750
Rubber kilo	63p	−1	70.85p	70p	58p
Sisal No. 6L	$640	—	$670	$670	$620
Sugar (Raw)	$91vw	+7	£109.25	$122.5	$83
Tea (quality) kilo	196p	—	392p	340p	190p
(low med) kilo	116p	+5	228p	255p	115p
Wooltops 64s Super	477p kilo	[illegible]	475p kilo	[illegible]p kilo	465p kilo

† Unquoted. (g) Madagascar. (x) June. (v) May-June. (w) July. (t) Sept.

REVIEW OF THE WEEK

Shortage fears linger in copper market

BY OUR COMMODITIES STAFF

THE MAIN feature of the London Metal Exchange copper market this week has been uncertainty about the availability of supplies for immediate delivery.

Concern about a possible supply squeeze had been the principal factor preventing copper values from fully reflecting the downward pressure resulting from sterling's recovery against the dollar and squeeze fears resulted in the cash high grade LME position established a substantial premium over the three months delivery position—the reverse of the normal situation. At one stage this month the cash premium reached £115 a tonne.

This trend had been encouraged by a sustained decline in LME warehouse stocks, which took them to the lowest level for 11 years. But the stocks trend changed two weeks ago with a 2,575 tonnes rise and this encouraged a sharp narrowing of the cash premium, which had been wiped out by the end of last week.

The announcement on Monday of a further 15,575 tonnes rise in stocks to 100,950 tonnes accelerated the new price trend and the cash discount, known as the contango, widened to £9.75 a tonne. The market quickly began to have misgivings about whether the squeeze threat was really over, however, and by Wednesday's close the cash premium, or backwardation, was re-established at £13.75 a tonne.

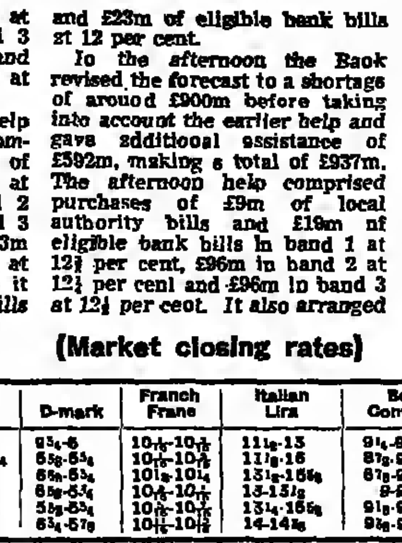
The contango returned yesterday, reaching £8 a tonne at one stage before ending at £4 a tonne, as a £19 fall in the cash quotation wiped out earlier gains leaving the position £2 down on the week at £1,184.50 a tonne. Dealers attributed the fall to sterling's gains against the dollar and an easier trend in U.S. futures.

Other LME base metals were mostly lower on the week, especially zinc, which declined £15.50 in the cash position to £632 a tonne, mainly due to the currency factor. Most leading producers announced European price cuts from $960 to $930 a tonne during the week, but they were following the market rather than leading it. Even after the reduction European producer prices remain more than $100 a tonne above the LME level. Zinc prices have been under pressure for a long time as consumption has been falling since last summer but production has been holding relatively steady.

Tin prices ended somewhat higher on the week helped by support buying by the International Tin Agreement's buffer stock manager. Cash standard tin ended the week £27.50 up at £9,592.50 a tonne.

Conditions were fairly quiet on London's soft (non-metal) commodity markets.

Coffee prices fell quite sharply on Monday as sterling rose but the losses were recouped by mid-week under the influence of a fairly buoyant New York market. The currency factor reasserted itself yesterday, however, with the July futures position losing £20 to end the week £10.50 higher on balance at £2,094.50 a tonne.



The cocoa futures market followed a similar pattern but on a narrower scale. With producers mostly staying out of the market and some light consumer interest seen as an early currency based fall was gradually regained. The July position ended £11.50 higher on the week at £1,797 a tonne.

Sugar was firmer with the London daily price ending $7 up at $91 a tonne. The rise was encouraged by talk of further modest Indian and Chinese purchases which helped the market to consolidate its rally from recent 15-year lows.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	869-70	−7.5	
3 months	892-93	−8.25	895/890

Settlement 870 (880). Final Kerb Close: 895-6. Turnover: 6,775 tonnes.

COPPER

Settlement 1185 (1212). Final Kerb Close: 1167.5-8.

Turnover: 28,800 tonnes. U.S. Producer prices 70.00-74.00 cents per pound.

LEAD

Settlement 294.5 (298). Final Kerb Close: 300-1. Turnover: 5,350 tonnes. U.S. Spot: 20.00-21.00 cents per pound.

NICKEL

Settlement 4455 (4469). Final Kerb Close: 4550-5. Turnover: 420 tonnes.

TIN

Settlement 9545 (9600).

Settlement 9595 (9600). Final Kerb Close: 9580-70. Turnover: 965 tonnes.

ZINC

Settlement 633 (649). Final Kerb Close: 635-6. Turnover: 5,450 tonnes. U.S. Prime Western: 45.50-47.50 cents per pound.

SILVER

Silver was fixed 2.75p an ounce lower for spot delivery in the London bullion market yesterday at 486.7p. U.S. cent equivalents of the fixing levels were: spot 614.7c, down 0.8c; three-month 629.25c, down 0.7c; six-month 642.05c, down 0.25c; and 12-month 667.75c, up 1.2c. The metal opened at 485-489p (615-619c) and closed at 485-489p (612-615c).

LME—Turnover: 40 lots of 10,000 oz. Three months high/low 501, final kerb 502.

FREIGHT FUTURES

In quiet conditions levels drifted until late afternoon short-covering, prior to the long weekend, saw values recover, reports Clarkson Wolff. There was little physical market news to promote activity. The Baltic Freight Index was 966, down 5.5.

Turnover: 96 (164).

COCOA

Sales: 2,145 (1,869) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for May 24: 95.52 (95.59); five-day average for

POTATOES

Sales: 189 (136) lots of 40 tonnes.

SOYABEAN MEAL

Sales: 2,354 (896) lots of 20 tonnes.

GRAINS

PIGMEAT

Sales: 8 (56) lots of 50 carcases, 3,250 kg.

COFFEE

Sales: 2,162 (2,630) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for May 23: Comp. daily 1979 132.37 (132.16); 15-day average 131.65 (131.86).

SUGAR

LONDON DAILY PRICE—Raw sugar $91.00 (£71.50), up $1.00 (unchanged) a tonne for May-June-July delivery. White sugar $135.00, up $2.00.

Tate and Lyle delivery price for granulated basis sugar was £178.50 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for May 23: Daily price 3.90 (3.76); 15-day average 3.79 (3.83).

RUBBER

PHYSICALS—The London market opened easier, attracted a little covering interest throughout the day and closed quiet, reports Lewis and Peat.

AMERICAN MARKETS

THE SOYA and grain complex were lower on persistent local selling and evening-up before the holiday with weather forecasts of enough moisture to allay the concern about lack of topsoil moisture, reports Heinold Commodities. Heating oil moved sharply higher on unwinding of spreads against crude oil and gasoline. The precious metals traded in a featureless range reflecting evening-up ahead of the holiday although light selling was traced to a weaker tone to currencies. Copper and aluminium weakened reflecting expectations of a continued build-up in LME stocks. Sugar weakened on good prospects for the European crop. Cocoa steadied despite reports that fears of pod rot in Brazil has subsided. Coffee encountered light profit-taking on little prospect of a frost in Brazil. Cotton fell sharply on favourable crop prospects pointing to high stocks in 1985-86.

NEW YORK

CHICAGO

OIL

North Sea crude strengthened during thin morning trading but eased slightly towards the close. Nymex WTI July opened 7c down and traded 5c down at 1 pm EST. In the petroleum products market gas oil was quiet and stable. German and Swiss end-user demand continue to support prices in North West Europe and also led to a slight firming of prices in the Mediterranean—Petroleum Argus, London.

SPOT PRICES

GAS OIL FUTURES

Turnover: 1,214 (877) lots of 100 tonnes.

GOLD

Gold fell $1 an ounce from Thursday's close in the London bullion market yesterday to finish at $314½-315½. The metal opened at $316½-317 and traded between a high of $316½-$317½ and a low of $313½-$314½. Trading was thin ahead of the long weekend with the dollar's firmer trend in the afternoon adding a little downward pressure.

GOLD BULLION (fine ounce) May 24

GOLD AND PLATINUM COINS

INDICES

FINANCIAL TIMES

May 23	May 22	M'th ago	Year ago
286.42	284.91	285.36	315.06

(Base: July 1 1952 = 100)

REUTERS

(Base: September 18 1931 = 100)

MOODY'S

(Base: December 31 1931 = 100)

DOW JONES

(Base: December 31 1974 = 100)

MARKET REPORT

Oil price rumours cause nervous pre-holiday trading session in equity

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

Any lingering hope that the FT Ordinary share index might launch another attempt on the record high before the holiday weekend was soon dashed yesterday. Leading equities opened on a firm note in London but came under pressure during the mid-morning trade following market talk of an imminent cut in oil prices, to be instigated by Saudi Arabia.

The rumours had little lasting impression on sterling, which closed lightly higher on the day, but seemed to unnerve equity traders. Many dealers had wound down their positions ahead of the three-day market closure and appeared particularly sensitive to the idea of carrying stock over the period. Jobbers' tactics were to mark down prices of blue chip issues in order to deter selling. These moves were not always successful and the market tone deteriorated rather quickly.

Recent speculative favourites and other high-flying stocks ran into profit-taking which brought widespread falls. One notable absentee from the list of casualties, however, was Debenhams. Continuing speculation of a management buy-out or a counter to the unwelcome Burton offer stimulated further buying activity and Debenhams rose 13 more for a gain on the week of 73 to a new peak of 381p.

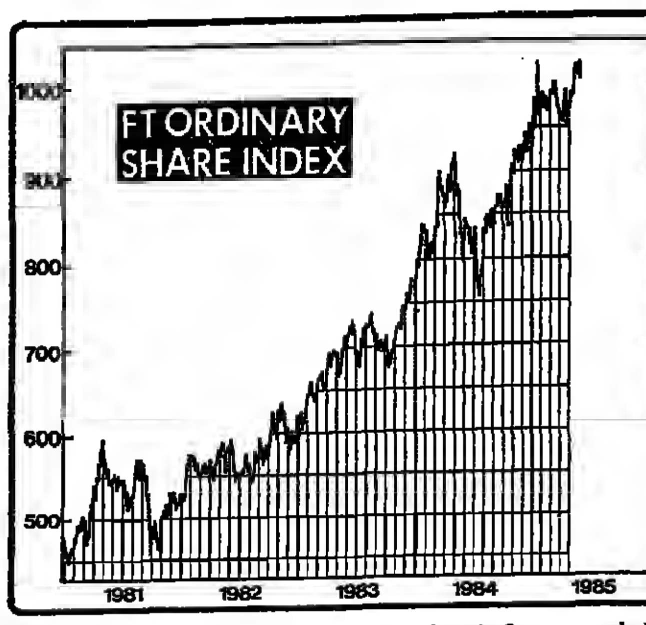
Late in the session, top-quality industrials came off the lowest levels. The index, after showing a fall of 14.1 at 2 pm, closed a net 8.6 lower for a loss on the week of 6.7 at 1,001.6. Several constituents sustained double-figure declines including Blue Circle Industries, which successfully completed a vendor placing of 11.5m shares at 525p each. The cash was needed to finance part of the group's acquisition of Atlantic Cement from Newmont Mining.

A rather uninspiring week for Government securities ended with the market closing on a quietly firm note. UK institutional business was again negligible and overseas interest, which has played the major role this week in supporting the tone, also tended to fade. Domestic inquiry is currently restrained by the availability of both conventional and index-linked stocks, totalling £850m.

Breweries plotted an irregular course in moderate trading. Allied Lyons softened a penny to 194p, after 192p, ahead of Tuesday's preliminary statement, while Bass, still reflecting the second-half profits warning, fell 8 to 560p. Morland, on the other hand, improved 5 to 195p in response to satisfactory first-half results, while Wolverhampton and Dudley hardened a couple of pence to 326p; the interim figures are scheduled for Wednesday. Elsewhere, Distillers slipped 4 to 289p.

Blue Circle apart, losses among the Building leaders were modest. RMC slipped 6 to 394p and Redland 4 to 305p, but Tarmac were only a couple of pence off and still 18 higher on the week at 590p. Contracting and Construction issues closed with little alteration, but Higgs and Hill, a firm market recently on Trafalgar House bid hopes, came back 5 to 370p. In the Timber sector, Meyer International, in which Australia's Adelaide Steamship has built up a 4.87 per cent stake, softened a penny to 140p, but retained a gain of 14 over the five-day period. Sheffield Brick shed 2 to 18p following disappointing annual results.

Significant movements in Chemicals were again confined to secondary issues. Anchor Chemical gave up 5 at 205p on lack of support and the new nil-paid shares virtually halved to 7p premium. Profit-taking clipped 3 from recently-firm British Tar Products, at 107p, but Mebon continued to attract buyers and, in a restricted market, gained 4 more to 72p.



Greenfield flat

Burton, a strong market since announcing its bid for Debenhams, succumbed to profit-taking and closed 12 easier, but still 30 dearer on the week, at 490p. Habitat Mothercare, also well supported following news of its beneficial involvement in the proposed Burton / Debenhams merger, suffered a similar fate and ended 12 down at 388p. Harris Queensway lost 10 to 244p after having risen sharply over the three previous sessions on consideration of its trading agreement with Debenhams.

Two bid denials stifled speculative activity among secondary Stores and profit-taking eventually took its toll. Etam were volatile following the denial from Woolworths, moving down from 210p to 180p before closing 9 down on balance at 195p. W. H. Smith, bought of late on U.S. bid hopes, reacted 10 to 246p, after 242p, following the statement that it had not received any approaches. John Menzies fell 12 to 290p, while Greenfield Blacks dived 16 to 30p, after 28p, on news of the final dividend omission and £2.2m annual deficit. Combined English, however, attracted early speculative buying fuelled by vague takeover rumours and closed 6 better at 143p, after 144p.

Still overshadowed by Plessey's depressing preliminary figures, leading Electricals remained extremely sensitive. Plessey opened a few pence higher following bid suggestions, but subsequently eased to 146p before closing 2 better on the day at 150p. GEC, 182p, and Racal, 184p, both ended a few pence easier, but a late speculative rally left Thorn EMI 3 firmer at 453p, after 435p. High-technology stocks sustained further widespread falls with sentiment still affected by recent poor figures from Micro Focus and Thursday's gloomy statement from BSR. Micro Focus fell 50 to 320p, while losses of 30 and 20 respectively were recorded in AB Electronic, 375p, and Microgen, 320p. Unitech lost 15 to 240p and Crystalate 10 to 155p. In marked contrast, United Scientific moved up 7 to 177p following comment on the interim figures.

Recent speculative Engineering favourites were vulnerable to selling. Among the leaders, TI fell 12 to 256p and Vickers a like amount to 322p. Elsewhere, Carlco gave up 7 to 273p, but Spencer Clark responded to Press mention with a rise of 3 to 55p.

The majority of leading Food issues lost ground, but Rowntree Mackintosh resisted the trend as takeover speculation revived and touched 433p prior to closing 3 firmer on balance at 428p. S. & W. Berisford were a dull market at 167p, down 7, while Tate and Lyle, half-timer due next Wednesday, ended a couple of pence cheaper at 448p. Retailers went lower, with Dee Corporation 4 off at 241p and J. Sainsbury down another couple of pence at 330p. Albert Fisher dipped to 115p before settling 3 lower at 118p, while Hillards lost 8 to 387p. By contrast, a broker's "buy" circular gave a boost to Sidney C. Banks, 32 higher at 230p. Demand in a restricted market lifted Bernard Matthews 9 to 332p.

Profit-taking left its mark on Hotels. Grand Metropolitan shed 6 to 297p and Ladbroke lost 8 to 267p. Prince of Wales Hotels were unaltered at 110p following the annual results.

Brammer fall

A late rally left most miscellaneous industrial leaders displaying only small falls on balance. Boots, down to 184p initially, picked up to close 4 off on the day at 188p; the preliminary figures are due to be announced next Thursday. Beecham settled 3 lower at 355p, after 350p, and Hanson Trust a like amount down at 228p. Recent high-fliers, however, were more vulnerable. Metal Box reacting 10 to 405p and Reed International 8 to 576p. Elsewhere, Energy Services closed 7 higher at 120p on the agreed revised offer from Brammer, which fell 20 to 358p; earlier in the week, Brammer received a hostile bid from Bunzl conditional upon Brammer's shareholders getting the Energy Services offer withdrawn. Comment on Dalgety's bid for Gill and Duffus prompted fresh dullness in the former which gave up 13 more at 430p. Extel, awaiting next week's preliminary figures, lost 12 to 335p. Bowater fell 9 to 273p, while Fisons eased 7 to 348p following the recent rise prompted by the announcement of a new drug. Among the occasional bright spots, Polly Peck encountered support and put on 12 to 284p, while Cornell rose 10 to 298p.

Trading statements prompted a couple of dull features in the Leisure sector. Pineapple Dance Studios were marked 10 lower to 47p after revealing a loss at the half-way stage, while Adam Leisure shed 2 to 13p following poor interim figures.

James Woodhead, at 42p, lost 4 of Thursday's gain of 10 which followed news that Parsons and Whittemore, a privately-owned manufacturer of pulp and paper mills, has built up a stake of over 5 per cent in the company. Elsewhere in Motors, Lucas, the subject of revived takeover speculation recently, gave up 4 to 301p, after 298p.

Carlton Communications continued firmly among Paper/Printings, rising 30 afresh to 740p. Olives hardened 2 to 36p on an investment recommendation, but Delyn Packing fell 5 to 105p following the disappointing results.

Leading Properties gave modest ground owing to scrappy selling and a lack of support. Land Securities shed 4 to 293p, while MEPC, interim results due next Wednesday, softened 2 to 303p. Hammerson A were 5 off at 445p and Peachey a couple of pence cheaper at 266p. Among the second-liners, Phoenix Property remained a firm counter in the wake of the property acquisition proposals and firmed 2 to 64p for a gain on the week of 12. Dares Estates, however, which stood at 18p earlier in the week, were suspended at 12p; the company anticipate that the delayed annual results will be announced within the next two weeks and the listing will then be restored.

In Shippings, British and Commonwealth lost 10 to 267p on further consideration of the results. P & O Deferred softened a few pence to 370p, after 367p.

Courtaulds met with selling ahead of Tuesday's preliminary results and fell 3 to 145p, after 144p. Elsewhere in Textiles, John Foster edged forward 2 to 80p following an investment recommendation.

Oils weak

The oil sector held centre stage at the outset of trading when rumours of imminent cuts in crude oil prices by Saudi Arabia prompted widespread and often substantial selling of the oil majors. BP and Shell were particularly hard hit with BP retreating to 523p at one point before recovering to close a net 8 lower at 530p. Shell dropped to 695p prior to settling 13 cheaper at 700p. Britoil were marked down to 220p but attracted support after hours which left the shares only 3 down at 223, while LASMO, down to 291p early on, ended the day 7 off at 295. Burmah continued to move against the general trend and gradually edged higher to post a 4 rise at 290p following the company's success in obtaining 15 blocks in the ninth round of UK offshore oil and gas licences.

News that the Wytch Farm participants have been awarded the offshore licence in the English Channel gave an initial boost to Carless Capel which moved up to 175p before easing to close only 3 up on balance at 167p; Carless is scheduled to announce preliminary results on Wednesday. Elsewhere, Highland Participants encountered profit-taking which saw the shares close 15 off at 283p after 278p.

Golds down again

Continuing downward pressure on the bullion price prompted another poor performance by mining markets and especially South African Gold shares. Bullion held relatively steady during the morning, but an improvement in the dollar around midday saw the metal price drift easier prior to closing a net $1 lower at $314.75 an ounce—its fourth successive decline and a fall of $7.75 over the week.

Gold shares were virtually untraded in the morning but thereafter gave ground to close around the day's lowest levels with American selling much in evidence after-hours. The Gold Mines index showed a further 2.5 fall to 477.3, leaving the measure almost 7 points easier over the week.

Selling of the leading heavyweights was rarely excessive and the majority ended the day with falls in the region of ¼ to ½, as in Buffels, £33¾, Free State Geduld, £21½, President Brand, £20¾, and President Steyn, £22¼.

South African Financials moved narrowly in either direction with Minorco hardening 10 to 670p on further consideration of the proposed reduction in the company's stake in Phibro-Salomon from 22 to 14.5 per cent. Johannesburg support, however, helped "Amcoal" move up ¼ to £18¾.

UK-domiciled Financials were unsettled by the latest weakness in precious and base-metal prices. Rio Tinto-Zinc dipped to 603p prior to closing a net 4 off at 608p.

Another decline overnight by Sydney and Melbourne eroded confidence in Australians, which posted widespread minor losses for the fourth day running. Golds were particularly vulnerable and showed Gold Mines of Kalgoorlie 15 off at 530p. Falls of 5 were common to Central Norseman Gold, 493p and Poseidon, 226p. In secondary golds, Carr Boyd lost 4 to 77p and Emperor 7 to 202p.

Demand for Traded Options expanded with 10,759 deals struck, comprising 5,699 calls and 5,060 puts. British Telecom again provided the lion's share of the business, recording 3,461 contracts, 1,545 calls and 1,916 puts. The week's daily average amounted to 8,043.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, May 23, 1985.

Telephone Networks	+28.01	500-Share Index	+ 7.98
Shipping and Transport	+24.84	Consumer Group	+ 7.85
Newspapers, Publishing	+23.43	Industrial Group	+ 7.84
Insurance (Life)	+22.83	Banks	+ 7.41
Other Industrial Materials	+19.09	Brewers and Distillers	+ 6.58
Stores	+18.87	Building Materials	+ 6.50
Office Equipment	+12.85	Investment Trusts	+ 6.42
Metals and Metal Forming	+18.18	Mining Finance	+ 5.91
Other Groups	+16.37	Food Manufacturing	+ 5.81
Motors	+14.65	Health and H'sehold Products	+ 4.77
Insurance (Composite)	+14.33	Chemicals	+ 4.85
Mechanical Engineering	+12.96	Merchant Banks	+ 4.61
Packaging and Paper	+12.94	Contracting, Construction	+ 3.92
Insurance Brokers	+11.62	Property	+ 0.38
Textiles	+11.21	Gold Mines Index	+ 0.20
Oils	+10.01	Leisure	− 0.33
Food Retailing	+ 9.89	Capital Goods	− 0.75
Financial Group	+ 8.86	Electricals	− 4.04
Overseas Traders	+ 8.14	Tobaccos	− 6.25
All-Share Index	+ 7.99	Electronics	−10.47

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
§25	F.P.	—	106	104	✠Abbeycrest 10p	105	.....	42.5	2.5	3.4	18.7
‖380	N.P.	16/6	93	77	Anglo-East Plants	87	−1	—	—	—	—
—	F.P.	—	40	27	Do. Warrants	40	.....	—	—	—	—
§126	F.P.	31/5	181	154	✠Aspen Comms. 5p	177	.....	u2.6	2.8	2.1	22.8
172	F.P.	28/6	182	176	Asda Property 20p	178	−2	u3.0	3.1	2.4	[illegible]
—	F.P.	—	850	750	Banco de Bilbao S.A.	800	.....	—	—	—	—
—	F.P.	—	700	650	Banco de Santander	660	.....	—	—	—	—
¶185	F.P.	3/5	222	160	✠Bedford (William) 5p	160	−2	n3.6	2.6	5.1	17.7
¶150	F.P.	17/5	120	100	Blagden Inds.	112	.....	7.8	1.8	2.2	7.6
376	200	10/9	253	222	British Aerospace 50p	222	−3	13.65	3.1	4.2	7.4
165	F.P.	31/5	175	168	✠Clayform Props. 5p	170	.....	bg7.5	2.1	6.3	10.8
135	F.P.	21/6	135	120	Coloroll 10p	121	−5	bg4.6	2.5	5.4	10.8
§84	F.P.	21/6	103	27	✠Datron Int'l. 5p	27	−3	u1.0	6.9	1.5	11.4
200	F.P.	31/5	300	260	Domino Print. Scienc.	275	−5	u1.76	4.3	0.9	38.7
§117	F.P.	31/5	150	120	✠Electron House 10p	127	.....	bg2.7	1.9	3.0	[illegible]
§300	F.P.	28/6	410	370	✠H'lmes & Marcht 10p	375	.....	u3.5	4.1	1.4	[illegible]
§129	F.P.	7/6	200	172	✠Howard Group 5p	195	−5	bg4.2	3.2	3.1	14.3
§150	F.P.	7/6	205	165	✠Huntleigh Tech 5p	200	.....	u1.5	3.5	1.1	31.6
100	F.P.	21/6	103	101	MartinCurrie Pac. 50p	101	.....	—	—	—	—
§28	F.P.	14/6	30	28	✠Maxiprint 1p	50	.....	—	—	—	—
§120	F.P.	7/6	121	143	✠Moorgate Group 5p	121	+1	bg2.0	6.2	1.6	14.6
§113	F.P.	29/5	112	114	✠Norscot Hotels 50p	114	.....	—	—	—	—
110	F.P.	7/6	112	103	Persimmon 10p	105	−2	bg4.75	3.3	6.4	5.1
£7.25'	F.P.	23/4	86	80	Plantation Tst	80	.....	—	—	—	—
—	F.P.	—	40	38	Do. Warrants	38	−1	—	—	—	—
100	F.P.	7/5	106	82	Prestwick 5p	82	−8	u2.1	5.3	3.3	12.5
¶175	F.P.	7/8	205	175	✠Sherwood Com 10p	188	−2	52.75	3.4	2.1	19.9
¶175	F.P.	3/5	190	170	Sintrom 10p	190	+10	ug1.84	3.3	1.4	31.4
§120	F.P.	26/5	125	116	✠Viewplan 5p	116	−5	u1.26	4.0	1.6	21.9
100	F.P.	10/6	143	137	✠Wayne Kerr 10p	143	.....	u1.5	4.2	1.5	22.7
§68	F.P.	24/5	72	68	✠Wyko Group 10p	68	.....	b2.[illegible]	2.4	5.0	11.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
—	F.P.	—	85	83	Anglo-East Plts. 12½% Uns. Ln. 95-99	84	.....
¶¶	F.P.	—	107	100	Bramall (C.D.) 10% Cnv. Uns. Ln. 95/2000	107	.....
85.81	£30	18/6	31½	25	Int.-Am. Dev. Bk. 9¾ Ln. 2015	30½	.....
=	Nil	—	8	8	Lon. & Edin. 6½% Conv. Cum. Rd. Prf.	8	.....
80.705	£30	6/6	30⅝	29⅛	Malaysia 10¾% Ln. 2009	30¼	+⅛
—	F.P.	—	100	99¾	Nationwide Bldg. Soc. 12% 12/5/86	100	.....
—	F.P.	6/8	99	92	Plantation Trst 7½% cnv. Uns. Ln. 2000	92	−1
‖	F.P.	6/6	108	105	Queens Moat 7% Cnv. Rd. Prf.	107	.....
‖	Nil	12/7	5pm	4pm	Russell (A.) 5.75% Cum. Cnv. Rd. Prf.	4pm	−1
‖	F.P.	14/6	114	105	Saatchi 8.3% Cnv. Cum. Red. Pref.	108	−3
49.895	£30	12/7	36⅛	30	Spain (Kingdom of) 11¾% Ln 2010	34⅝	+⅛
¶¶	F.P.	—	128	122	Williams Hldgs. 5% Cum. Cnv. Prf.	123	−5
¶¶	F.P.	—	116	103	Do. 10½ Cum. Prf.	115	.....

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
195	Nil	16/7	21pm	7pm	Anchor Chemical	7pm	−8
200	F.P.	20/6	373	353	Bank of Scotland £1	373	+5
150	F.P.	14/6	393	323	Barclays £1	382	−5
350	Nil	5/7	40pm	26pm	Beazer (C.H.) 70p	32pm	−2
28	Nil	26/6	1½pm	¼pm	Brit. Empire Sec. & Gen. 5p	½pm	.....
80	Nil	26/6	10pm	6pm	✠Grosvenor Square 10p	10pm	.....
66	F.P.	5/7	80	73	Lon. & Northern	80	+1
515	Nil	12/7	127pm	110pm	Low (Wm.) 20p	123pm	.....
285	F.P.	12/6	360	340	Memec 10p	345	−10
95	F.P.	7/6	102½	96	Nationwide Leisure	96	−1
26	F.P.	28/6	43	29	Newman Inds. 10p	39	−3
70	Nil	4/7	7pm	2pm	✠Rivlin (J.D.S.) 5p	7pm	+1
120	Nil	—	14pm	12pm	Suter 5p	12pm	−2
222	F.P.	28/6	257	235	Tesco 5p	257	+2
10	Nil	—	21pm	19pm	"The Times" Veneer	19pm	−2
160	Nil	—	54pm	28pm	Tomkins (F.H.) 5p	45pm	−2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7

For rate indications see end of Share Information Service

Call options were recorded in Clyde Petroleum, Inter-City, Plessey, Ferranti, Oliver Prospecting, C. H. Bailey, Vosper, British Telecom, Chloride, Telemetrix and Burmah Oil. No puts were reported, but double options were transacted in Ryan International and Burmah Oil.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Fri May 24 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur May 23 Index No.	Wed May 22 Index No.	Tues May 21 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (208)	548.30	−1.1	10.24	4.09	12.20	7.11	554.19	563.42	561.32	485.75	577.15	22/1	529.99	25/2	577.15 22/1/85	50.71 13/12/74
2 Building Materials (23)	539.06	−1.0	12.35	4.79	9.91	6.84	544.54	546.69	546.84	473.58	546.84	21/5	472.11	26/2	546.84 21/5/85	44.27 11/12/74
3 Contracting, Construction (29)	768.33	−0.2	13.18	5.36	9.80	16.40	769.60	772.38	765.03	675.46	772.30	22/5	684.17	8/3	831.09 15/3/83	71.48 2/12/74
4 Electricals (15)	1527.52	—	10.25	4.77	12.32	27.85	1526.82	1526.75	1518.22	1567.62	1701.64	22/1	1478.18	25/2	1909.93 3/6/83	84.71 25/6/62
5 Electronics (37)	1550.36	−1.2	9.53	3.29	13.64	13.77	1568.75	1649.51	1630.51	1652.68	1977.60	9/1	1550.36	24/5	2049.05 13/11/84	1550.36 24/5/85
6 Mechanical Engineering (63)	312.68	−0.7	10.19	4.42	11.94	4.70	314.83	314.26	315.71	241.68	316.14	13/5	275.18	3/1	316.14 13/5/85	45.43 5/1/75
8 Metals and Metal Forming (7)	196.96	−0.7	12.61	7.72	9.93	3.71	198.27	197.01	198.14	182.33	198.42	25/3	165.08	14/1	209.74 13/3/84	49.65 6/1/75
9 Motors (17)	163.25	−1.3	13.52	5.16	9.14	3.09	165.43	165.19	165.03	130.11	175.89	15/3	142.57	3/1	175.89 15/3/85	19.91 6/1/75
10 Other Industrial Materials (17)	984.21	−1.8	7.26	3.20	16.54	11.22	1002.74	1003.83	1004.54	656.26	1004.54	21/5	828.60	3/1	1004.54 21/5/85	277.55 15/1/81
21 CONSUMER GROUP (177)	663.47	−1.0	9.64	3.79	12.79	6.86	670.09	670.13	666.43	497.97	670.13	22/5	604.96	3/1	670.13 22/5/85	61.41 13/12/74
22 Brewers and Distillers (23)	601.48	−1.0	11.32	4.56	10.97	3.72	607.78	606.15	603.89	513.28	607.78	23/5	550.86	3/1	607.78 23/5/85	69.47 13/12/74
25 Food Manufacturing (20)	504.52	−1.0	12.22	4.81	10.40	9.54	509.69	511.59	513.12	374.54	513.86	12/3	473.30	3/1	513.86 12/3/85	59.67 11/12/74
26 Food Retailing (13)	1590.56	−1.0	5.49	2.49	24.29	5.76	1606.42	1620.36	1624.42	1143.01	1624.42	21/5	1400.56	1/3	1624.42 21/5/85	54.25 11/12/74
27 Health and Household Products (9)	1062.45	−0.5	6.16	2.66	18.99	5.75	1067.60	1060.81	1056.21	769.76	1088.57	22/1	980.65	11/4	1088.57 22/1/85	175.38 28/5/80
29 Leisure (23)	685.14	−1.0	8.62	4.74	15.12	12.59	691.82	696.78	696.68	622.75	719.49	22/1	652.35	9/4	719.49 22/1/85	54.83 9/1/75
32 Newspapers, Publishing (12)	1797.08	−0.6	6.66	4.22	19.38	32.34	1807.77	1793.91	1787.75	1299.84	1807.77	23/5	1445.15	3/1	1807.77 23/5/85	55.08 6/1/75
33 Packaging and Paper (14)	324.70	−1.2	11.83	4.03	9.72	2.30	328.78	325.21	322.11	241.84	328.78	23/5	286.36	3/1	328.78 23/5/85	43.46 6/1/75
34 Stores (41)	647.64	−1.4	7.52	3.15	17.91	5.00	657.15	656.23	641.22	449.22	657.15	23/5	529.47	19/2	657.15 23/5/85	52.63 6/1/75
35 Textiles (19)	330.14	−1.2	16.18	4.63	7.16	3.78	334.11	335.00	330.05	281.63	341.97	11/3	293.07	3/1	341.97 11/3/85	62.66 11/12/74
36 Tobaccos (3)	839.33	−0.5	17.76	5.11	6.31	17.44	843.89	846.15	855.41	577.37	1010.69	8/2	828.37	2/5	1010.69 8/2/85	94.34 13/6/62
41 OTHER GROUPS (98)	707.44	−0.5	8.58	3.90	14.70	5.68	711.21	714.75	714.67	427.97	722.57	15/5	605.99	3/1	722.57 15/5/85	58.63 6/1/75
42 Chemicals (17)	755.84	−0.2	13.74	4.90	8.99	14.95	756.99	759.85	759.60	562.24	832.26	22/2	710.88	3/1	832.26 22/2/85	71.20 1/12/74
44 Office Equipment (4)	185.48	−0.6	7.10	4.53	17.47	3.52	186.68	188.59	187.96	120.87	190.38	11/3	154.76	3/1	246.06 1/9/72	45.34 2/1/75
45 Shipping and Transport (12)	1185.25	−1.4	6.36	4.71	20.20	22.83	1201.81	1200.51	1195.12	849.85	1201.81	23/5	958.08	3/1	1201.81 23/5/85	90.80 29/6/62
46 Miscellaneous (63)	884.18	−1.0	6.97	3.34	17.59	6.30	893.04	896.60	893.31	596.17	896.60	22/5	798.35	3/1	896.60 22/5/85	60.39 6/7/75
48 Telephone Networks (2)	882.69	−0.3	7.58	3.65	17.21	0.78	885.10	891.12	893.93	0.0	932.01	15/5	701.92	3/1	932.01 15/5/85	517.92 30/11/84
49 INDUSTRIAL GROUP (483)	652.93	−0.9	9.50	3.90	13.10	6.77	658.74	662.43	660.05	488.30	662.43	22/5	599.75	3/1	662.43 22/5/85	59.01 13/12/74
51 Oils (17)	1158.97	−1.5	15.95	7.18	7.70	37.60	1176.44	1174.30	1181.94	1134.11	1239.75	15/2	1042.21	3/1	1239.75 15/2/85	87.23 29/5/62
59 500 SHARE INDEX (500)	695.49	−1.0	10.35	4.33	11.99	9.23	702.25	705.49	703.90	542.51	705.49	22/5	636.98	3/1	705.49 22/5/85	63.49 13/12/74
61 FINANCIAL GROUP (114)	471.06	−0.7	—	5.31	—	8.31	474.21	475.69	476.84	356.57	478.74	15/5	430.10	4/1	478.74 15/5/85	55.88 13/12/74
62 Banks (6)	469.61	−0.3	16.51	7.36	8.65	11.71	470.99	478.70	478.60	350.84	483.39	13/5	420.58	15/4	483.39 13/5/85	62.44 12/12/74
65 Insurance (Life) (8)	710.80	−0.8	—	4.46	—	14.71	716.29	719.50	723.02	454.61	736.75	16/5	580.95	4/1	736.75 16/5/85	44.88 2/1/75
66 Insurance (Composite) (7)	353.16	−0.8	—	5.53	—	8.53	356.16	353.30	354.37	259.75	363.76	15/5	303.16	25/2	363.76 15/5/85	43.96 13/12/74
67 Insurance (Brokers) (7)	1148.11	−0.2	7.77	3.59	17.31	17.24	1150.39	1138.32	1132.67	728.13	1248.78	15/3	1011.88	4/1	1248.78 15/3/85	65.86 16/12/74
68 Merchant Banks (11)	229.77	−1.2	—	4.21	—	1.22	232.46	234.53	235.84	210.48	248.76	16/1	220.65	3/1	278.57 1/5/72	31.21 7/1/75
69 Property (50)	638.14	−0.7	5.78	3.61	23.64	3.28	642.91	641.18	642.54	537.33	653.36	13/5	613.65	25/2	653.36 13/5/85	56.01 20/4/65
70 Other Financial (25)	286.07	−1.1	8.49	5.67	14.40	4.78	289.32	290.30	292.83	234.74	296.92	6/2	268.20	3/1	303.18 18/5/72	33.29 17/12/74
71 Investment Trusts (106)	601.69	−1.0	—	3.38	—	5.96	608.05	609.78	608.93	472.11	635.62	7/3	564.72	3/1	635.62 7/3/85	71.12 13/12/74
81 Mining Finance (4)	288.85	−0.4	11.06	5.47	10.58	5.29	290.04	289.48	289.35	296.11	311.08	15/4	269.78	7/1	337.57 10/4/84	66.31 30/9/74
91 Overseas Traders (14)	674.36	−0.3	9.45	6.30	12.94	12.19	676.28	673.47	660.83	543.92	687.15	22/1	618.22	3/1	687.15 22/1/85	97.37 6/1/75
99 ALL-SHARE INDEX (738)	634.53	−0.9	—	4.47	—	8.80	640.34	642.98	641.92	495.29	642.98	22/5	581.88	3/1	642.98 22/5/85	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	May 23	May 22	May 21	May 20	May 17	Year ago	1985 High		1985 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX	1313.8	−11.5	1323.5	1308.3	1325.3	1333.8	1334.1	1330.8	1327.4	1055.5	1342.4	15/5	1206.1	3/1	1342.4 15/5/85	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri May 24	Day's change %	Thur May 23	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	117.41	+0.12	117.27	—	4.52
2 5-15 years	128.62	—	128.62	—	5.07
3 Over 15 years	135.09	+0.02	135.07	—	3.47
4 Irredeemables	143.69	—	143.69	—	6.07
5 All stocks	127.41	+0.04	127.35	—	4.70
6 Debentures & Loans	108.32	+0.10	108.22	—	5.06
7 Preference	77.89	—	77.89	—	3.01

AVERAGE GROSS REDEMPTION YIELDS	Fri May 24	Thur May 23	Year ago (approx.)	1985 Highs		1985 Lows	
British Government							
1 Low Coupons 5 years	10.53	10.51	11.26	11.56	28/1	10.41	18/4
2 Coupons 15 years	10.81	10.80	11.09	12.20	28/1	10.47	9/1
3 25 years	10.44	10.44	10.51	10.72	29/1	10.03	2/1
4 Medium 5 years	11.55	11.53	12.11	12.39	28/1	11.14	9/1
5 Coupons 15 years	11.08	11.07	11.54	11.63	28/1	10.79	18/4
6 25 years	10.60	10.60	10.78	10.97	29/1	10.18	15/4
7 High 5 years	11.61	11.60	12.18	12.53	28/1	11.30	9/1
8 Coupons 15 years	11.23	11.21	11.71	11.76	28/1	10.94	18/4
9 25 years	10.77	10.77	10.89	11.03	29/1	10.36	9/1
10 Irredeemables	10.21	10.20	10.36	10.44	28/1	9.90	31/12
11 Debs & Loans 5 years	12.00	12.12	12.48	12.63	29/1	11.73	2/1
12 15 years	12.11	12.17	12.48	12.37	29/1	11.67	19/4
13 25 years	11.64	11.64	11.99	12.37	29/1	11.47	19/4
14 Preference	12.62	12.62	12.91	13.14	29/1	12.54	10/5

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8 All stocks	110.58	—	110.58	—	1.03	15 Inflation rate 5%	3.60	3.59	3.61	3.60 20/5	3.11	11/3
						16 Inflation rate 10%	3.40	3.39	3.43	3.40 24/5	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (54)

LOANS (1)
Inv. In. Inds. 11¼pc Uns. Ln. 1990

BREWERS (2)
Morland; Wolverhampton Dudley

BUILDINGS (6)
Copson (F.); Helical Bar; Costain; Sindall (Wm.); Hewden-Stuart 10pc Cnv.Uns.Ln. '03-08; UBM

CHEMICALS (2)
Morceau; Plysu

STORES (6)
Combined English; Ford (Martin); Debenhams; Stanley (A. G.); Etam; Superdrug Stores

ELECTRICALS (2)
Alphameric; Energy Services

ENGINEERING (9)
Castings; Priest (Ben.); Chamberlin & Hill; Spear & Jackson; Clayton, Son; Spencer Clark; Laird; Tex Abrasives; Parkfield

FOODS (3)
Banks (Sidney C.); Greggs; Cullen's Hldgs.

INDUSTRIALS (14)
Boot (Henry); Hestair; Burns-Anderson; Photo-Me Internatl.; Cole; Polly Peck Intl. 9pc Cnv. Ln. 2003-08; Cornell; Renwick; Cosalt; Sutcliffe Speakman; Evered; Toothill (R. W.); Expamet; Fogarty

LEISURE (2)
Fairline Boats; Pineapple Dance

MOTORS (1)
ERF

PAPER (2)
Carlton Comms.; Clondalkin

PROPERTY (1)
Mountleigh

TRUSTS (3)
Dualvest Capital; Ivory & Sime; Stewart Enterprise

NEW LOWS (40)

AMERICANS (1)
Colgate-Palmolive

CANADIANS (1)
Brascan

BUILDINGS (1)
Crouch (D.)

STORES (1)
Greenfield Blacks

ELECTRICALS (10)
CPS Computer; Mnemos; Crystalate; Multitone Elect.; Ferranti; Quest Automation; Mellerware Intl.; Sarasota Tech.; Micro Focus; Scholes (G. H.)

INDUSTRIALS (10)
Caparo 8¼pc Cnv. Cum. Red. Pf.; Peerless; Combined Tech.; Sirdar; Dalgety; Staffs. Potts. 10pc Cnv. Red. Pf.; Harvey & Thompson; Swedish Match; Kean & Scott

PAPER (1)
Delyn Packaging

PROPERTY (1)
Country & New Town

SHOES (1)
Lambert Howarth

TRUSTS (7)
Ambrose Inv. Inc.; Japan Assets Wts.; Cambrian & General; Abingworth; Do. Cap.; Barrie Inv. Fin.; Gresham House

OILS (6)
Bridge Oil; Ohio Resources; New Court Nat. Res.; Ranger Oil; New London Oil

MINES (1)
Southern Goldfields

RISES AND FALLS

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	22	11	78	208	126	201
Corpns. Dom. and Foreign Bds.	15	3	57	72	24	279
Industrials	176	476	797	1,433	1,425	4,401
Financial and Props.	24	215	309	457	536	1,747
Oils	20	47	59	104	153	373
Plantations	3	1	13	13	11	61
Mines	30	78	72	183	287	428
Others	24	132	77	400	354	417
Totals	314	963	1,458	2,870	2,912	7,907

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BSR Intl.	90	—	Etam	195	− 8
Blue Circle Inds.	533	−17	Harris Queensway	244	−10
Boots	188	− 4	Plessey	150	+ 2
Burmah Oil	290	+ 4	Racal Elects.	184	− 2
Burton	490	−12	Utd. Scientific	177	+ 7
Debenhams	381	+13	Vickers	322	−12

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Gill & Duffus	24	180	−10	Hattie Queens.	15	254	+16
BSR Intl.	21	90	−27	Brammer	14	378	−23
Dalgety	18	443	− 7	British Telecom	14	154	− 1½
Plessey	16	148	−26	Carole Eng.	14	280	+28
Habitat M'care.	16	400	+16	Carr (John)	14	91	+ 3
RHP	16	110	+ 7½	Debenhams	14	368	+ 6
Burton	15	502	—	Thorn EMI	13	450	− 8

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Debenhams	123	368	+82	ICI	77	753	− 6
British Telecom	120	154	−10	Plessey	74	148	−10
Br. Aerospace†	99	225	−21	Thorn EMI	74	450	+ 7
Glaxo	84	£12½	+ ¼	Shell Trans.	73	713	− 4
Burton	82	502	+36	GUS A	72	830	+12
BAT Inds.	81	316	− 4	P & O Dfd.	69	373	+16
Brammer	78	378	+64	Gill & Duffus	68	180	+39

† Partly paid.

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's *Stock Exchange Official List* and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the *day's highest and lowest dealing prices.*

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the *relevant date.*

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVTS. & INTNL. INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

Allied-Lyons 5½pcPf. (£1) 45 8. 7½pcPf (£1) 62. 6¼pcDb 1984-89 £84¼ (21/5). 7¼pcDb 1987-92 £75¼ (22/5). 7¼pcDb 1988-93 £78½ 9¼ (22/5). 6¼pcLn £60♦. 7½pcLn £59 7¼pcLn 1993-99 £74¼
Bass 4pcPf (£1) 34. 7pcPf (£1) 59½. 3½pcDb 1987-92 £75¼ (22/5). 6¼pcDb 1987-92 £84½♦. 4½pcLn 1992-97 £50. 7¼pcLn 1992-97 £74¼ 5¼
Bass Invsts. 7¼pcLn 1992-97 £73½
Bell (Arthur) Sons 5½pcPf (£1) 44¼ (17/5)

COMMERCIAL, INDUSTRIAL

A—B

Brown and Jackson 10.75pc1stPf (£1) 85½ (21/5)
Brown Boveri Kent 6pcLn 1993-95 £77 (22/5)
Brown Bros 9pcLn 1987-92 £85½ (29/5)

Brown (John) 5½pcLn 2003 £47½ (20/5)
Bulgin (AF) (5p) 35 (22/5)
Bulmer and Lumb 5pcPf (£1) 32 (17/5)
Burton Grp Wts 435 49 52. 7pcLn 1986 £81½ (21/5). 8pcLn 1999-2003 £70½. 8¼pcLn 1999-2003 £81½ (22/5)
Butlin's 9½pc1stMtgDb 1982-87 £88 (22/5). 7½pc1stMtgDb 1985-90 £82½ (21/5). 8pc2ndMtgDb 1992-97 £78¼ 5 (22/5)

C—D

E—F

G—H

Gest, Keen Nettlefolds 8½pcLn 1988-93 £88 71 (22/5). 6½pcLn 1985 £192
Guest Keen Nerdcfolds (UK) 6½pcDb 1984-89 £05½. 7¼pcDb 1987-92 (2nd Ser) £88¼ (21/5). 10½pcDb 1990-95 £97
Halma 11pcPf (£1) 112 (20/5)
Harris (Philip) (Hldgs) 7½pcPf (£1) 45 (17/5)
Harrisons Crosfield 6½pcPf (£1) 52
Hawker Siddeley 7¼pcDb 1987-92 £81½

Gomme Hldgs 6.75pcPf (£1) 65 (21/5)
Goodwin (10p) 15
Grand Metropolitan 5pcPf (£1) 44♦ 8¼pc Pf (£1) 54½ 5 (21/5). 7½pcPf (£1) 99. 10pcLn 1991-98 £89½ ½ ¼ 90
Grant (James) (East) 7½pc1stDb 1991-99 [illegible]
Great Universal Stores 4½pc A Pf (£1) 30 (17/5). 5½pcLn £42. 8½pcLn 1993-98 £77½ 8¼
Greenfield Slacks 10pcPf (£1) 87♦
Grovebell 9pcPf (£1) 85 (20/5)

I—J—K

L—M

N—O

P

Pentos 120p) 62 (22/5). 13½pcLn 1990 £112
Perkin-Elmer 4pcLn 1989-88 £222 (17/5)
Persimmon (10p) 198 (22/5). New (10p) 195
Phizer Inc ($0.19) 349½ (20/5)
Phicom 9pcPf (£1) 120 31 (22/5)
Piccadilly Theatre 145 7½ (22/5)
Pittard Grp 9½pcPf (£1) 101 (21/5)
Plessey 7¼pcDb 1992-97 £72¼
Portals Hldgs 9½pcLn 1994-2900 £149 (21/5)

Portland Hldgs ($29.50) 4 (21/5)
Powell Duffryn 4½pcPf (50p) 19 (20/5)
Pratt (F.) Eng Corpn 7¼pcLn 1987-92 £73½
Pressac Hldgs 10.5pcPf (£1) 160 (20/5)
Prestwick Hldgs (5p) 94 7. New (5p) 83 4 5 6 7 9

Q—R—S

T—U—V

Unilever 5pc1stPf (£1) 40½ (21/5). 6¼pc Db 1995-88 £97 (22/5). 5½pcLn 1991-2006 £52½. 7¼pcLn 1091-2908 £69½ ¾ 70
Unilever NV 7pcPf (Fl 12) 60 (17/5)
Union International 6pcPf (£1) 45½. 7pc Pf (£1) 62
United Biscuits (Hldgs) Warrants 58 9 61. 8pcDb 1993-98 £75½ (21/5). 5¼pcLn 2003-08 £48¼
Upton (E.) & Sons 38 (21/5)
Valor 5¼pcPf (£1) 197 (20/5)

Vantona Viyella 4.9pcPf (£1) 58
Vickers 5pc (Tax Free to 30p) Pf (£1) 89 1
Victoria Carpet Hldgs 39½ (22/5)

W—Y—Z

Walker & Stan Hldgs (5p) 34
Walker (T.) (5p) 15 8
Warehouse Gp 460 (21/5)

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNLISTED SECURITIES MARKET

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Rule 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*530)	460	85	100	—	4	7	—
	500	48	63	77	6	17	20
	550	17	30	45	22	35	40
	600	5	15	24	72	75	20
Cons. Gold (*542)	460	27	110	—	3	7	—
	500	57	74	82	2	17	25
	550	22	44	24	25	57	45
	600	2	20	30	52	70	75
Courtaulds (*145)	130	12	25	24	3	2	7
	140	10	17	20	6	11	13
	160	3	2	11	12	21	23
Com. Union (*225)	180	60	52	—	3	4	—
	200	34	39	47	4	2	10
	220	12	25	54	11	15	12
	240	2	18	24	20	24	27
G.E.C. (*182)	180	15	24	32	5	2	10
	200	5	12	12	20	22	24
	220	2	5	—	38	38	—
	240	1	—	—	52	—	—
Grand Met. (*298)	280	50	37	45	3	2	12
	500	17	25	55	11	17	22
	330	5	10	14	55	57	42
I.C.I. (*752)	700	70	85	100	2	13	25
	750	35	54	27	23	34	40
	800	12	28	44	55	55	75
	850	5	15	—	105	107	—
	900	3	2	—	155	137	—
Land Sec. (*293)	280	13	26	35	4	2	2
	300	2	17	25	13	17	12
	330	2	7	12	41	41	42
Marks & Sp. (*139)	120	23	28	—	2	3	—
	130	14	12	24	3	5	7
	140	2	12	17	2	11	12
	160	2	5	9	24	27	50
Shell Trans. (*700)	600	117	—	—	4	—	—
	650	57	62	—	5	10	—
	700	50	47	63	12	25	50
	750	10	25	56	55	65	65
	800	4	5	—	100	105	—
Traf'gar Hse (*353)	325	45	55	—	2	6	—
	330	—	—	55	—	—	5
	353	24	34	—	1)	)4	—
	360	—	—	35	—	—	25
	385	7	14	—	24	27	—

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
BAT Inds. (*515)	500	17	55	47	1	2	14
	550	1½	12	30	12	23	50
	560	1	9	17	48	52	57
	590	1	4	10	78	80	25
Barclays (*384)	285	100	107	—	1	2	—
	335	60	57	67	1	6	10
	385	5	23	55	10	95	55
	455	1	5	15	55	80	62
Brit. Aero (*400)	360	—	30	43	—	9	16
	410	—	15	26	—	22	30
	460	—	6	12	—	53	68
Bt. Telecom (*163)	100	64	67	—	0¼	1	—
	110	44	47	—	0½	1	—
	120	34	37	42½	0½	1	1
	130	24	22½	35½	0¼	1½	2½
	140	14½	9)	28½	1	5	6½
	160	1	10	)7½	8½	1[illegible]	14½
	180	—	4	8½	—	28½	30
Imperial Gp. (*189)	160	30	56	—	1	2	—
	180	)0	22	28	1	6	9
	200	1	13	17	13	17	20
	220	0½	5	9	33	55	38
LASMO (*225)	293	7	30	38	5	13	17
	323	1	17	27	50	32	40
	353	1	10	20	50	50	60
	383	0½	5	12	90	90	20
Lonhro (*172)	140	37	41	—	0½	2	—
	160	17	22	25	0¾	4	5
	180	1½	11	14	5	10	15
	200	0½	4½	—	25	22	—
P. & O. (*370)	500	72	82	—	0¼	2	—
	550	42	52	55	1	4	2
	560	12	55	43	2	10	12
	580	1½	12	25	25	52	35
	420	1	2	—	55	63	—
Racal (*188)	180	2	25	34	5	7	10
	200	2	12	20	15	20	22
	220	0½	7	)1	55	55	52
	240	0½	2	—	52	55	—
	260	0½	1	—	72	75	—
	280	0½	1	—	25	25	—
R.T.Z. (*607)	600	22	48	37	4	17	25
	650	1½	25	52	45	50	57
	700	1	2	12	95	27	100
Vaal Reefs (*594)	80	14½	12	21½	0½	5½	6
	90	5½	11	15½	0¼	7	9¼
	100	0¾	5¾	2½	7	12	15
	110	0½	5½	5½	17	12½	21½
Ex. 10% 1989 (*295)	90	4[illegible]	5[illegible]	—	0[illegible]	0[illegible]	—
	92	2[illegible]	5[illegible]	3[illegible]	0[illegible]	0[illegible]	0[illegible]
	94	0[illegible]	1[illegible]	2[illegible]	0[illegible]	0[illegible]	0[illegible]
	96	0[illegible]	0[illegible]	1[illegible]	1[illegible]	1[illegible]	1[illegible]
	98	0[illegible]	0[illegible]	—	5[illegible]	3[illegible]	—

Option		Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
BTR (*353)	325	43	57	57	2	2	10
	350	20	32	43	7	17	30
	375	2	22	50	22	30	40
Beecham (*353)	330	30	38	46	4	5	10
	360	10	22	28	17	20	22
	390	5	2	14	40	42	47
Bass (*659)	600	52	20	94	6½	7	9
	650	22	40	26	18	27	60
	600	5	20	52	47	50	55
De Beers (*$5.45)	420	138	153	—	5	9	—
	460	28	112	155	2	18	50
	500	51	88	105	20	52	45
	550	24	45	58	32	65	70
GKN (*225)	180	60	68	—	2	2	—
	200	30	56	—	2	4	—
	220	14	21	22	8	11	15
	240	5	10	17	12	21	24
Hanson (*222)	127	44	51	—	1½	2	—
	200	55	52	60	5	7	5
	220	12	28	54	7	11	15
	240	7	15	21	20	24	29
Jaguar (*274)	280	15	24	56	18	92	22
	300	5	15	25	30	56	52
	330	2	5½	24	68	68	69
	360	1	6	—	87	87	—
Tesco (*268)	216	47	58	58	1½	5	7
	246	28	38	43	4	7	10
	265	14	56	28	10	17	58
FT-SE Index (*1312)	1160	167	—	—	2	—	—
	1175	142	—	—	3	—	—
	1200	117	137	—	4	15	—
	1250	70	23	115	2	27	47
	1600	35	52	82	25	48	57
	1350	)2	35	53	55	80	95

May 24. Total contracts 10,759. Calls 5,699. Puts 5,060.
* Underlying security price.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$340	106	6.20 B	2	16.50	—	—	$316.10
GOLD P	$280	100	2.20	—	—	—	—	"
GOLD P	$300	—	—	5	10	—	—	"
GOLD P	$320	24	10	—	—	—	—	"
		June		Sept.		Dec.		
SILVER C	$750	—	—	—	—	2	60	$616
SILVER P	$600	—	—	—	—	4	30	
$/FL C	Fl.340	250	11	60	17	—	—	Fl.342
$/FL C	Fl.350	10	5.30	—	—	—	—	"
$/FL C	Fl.360	1515	9	10	7.60	—	—	"
$/FL C	Fl.365	4	1.20	3	5.70	—	—	"
$/FL C	Fl.370	—	—	2	5	—	—	"
$/FL P	Fl.325	30	0.50	—	—	—	—	"
$/FL P	Fl.330	7	1 B	—	—	—	—	"
$/FL P	Fl.335	5	1.30	115	7.60	—	—	"
$/FL P	Fl.340	112	3	15	10.70 A	12	15.50 A	"
$/FL P	Fl.345	7	4.50	3	12	4	17.70 A	"
$/FL P	Fl.360	1	14 A	—	—	—	—	"
$/FL P	Fl.370	5	22.60	—	—	—	—	"
$/DM C	DM.310	—	—	—	—	200	12.50	DM309
$/DM C	DM.320	—	—	100	6.60	—	—	"
£/$ C	$120	10	5.70 A	—	—	—	—	$125
		Jul.		Oct.		Jan.		
ABN C	Fl.440	22	9	55	12.50 B	—	—	Fl.432
ABN P	Fl.420	45	2	10	6.80	1	7.60	"
AEGN C	Fl.190	15	4.90	25	7.90	—	—	Fl.187.50
AEGN P	Fl.120	15	2	22	4	11	4.70	"
AH C	Fl.250	15	2	11	5.70	2	11	Fl.219.50
AH P	Fl.220	25	4.80	—	—	—	—	"
AKZO C	Fl.110	212	2.70	158	6.10	64	7.20	Fl.107.20
AKZO C	Fl.120	157	0.80	172	2.70	125	4	"
AKZO P	Fl.120	20	12.80	122	12.80	10	13.70	"
AMRO C	Fl.75	64	4.50	—	—	57	7	Fl. 78.50
AMRO P	Fl.75	5	0.80	4	2.20	15	2.70	"
GIST C	Fl.180	5	5.10	22	2	—	—	Fl.18).20
GIST P	Fl.180	11	5.40	—	—	—	—	"
HEIN C	Fl.140	58	8	4	10	—	—	Fl.144.70
HEIN P	Fl.140	37	1.30	10	2.80 B	—	—	"
HOOG C	Fl.65	150	0.20	140	2.30	8	5.40	Fl.62
HOOG P	Fl.60	27	2.10	22	5	—	—	"
KLM C	Fl.60	519	2	60	3.70	48	4.50	Fl.58.30
KLM C	Fl.65	234	0.70	80	2	54	2.80	"
KLM P	Fl.55	)76	1	91	2.30	—	—	"
NEDL C	Fl.180	98	)1.70	2	15	—	—	Fl.171.50
NEDL P	Fl.160	187	5.20	—	—	10	8.40	"
NATN C	Fl.67.50	1)70	0.90	30	2.40	—	—	Fl. 64.80
NATN P	Fl.60	—	—	200	1.10	—	—	"
PEO C	Fr.6364	23	140 A	—	—	—	—	Fr.6160
PEO P	Fr.7273	5	1020	—	—	—	—	"
PETR P	Fr.5,000	8	140	—	—	—	—	"
PHIL C	Fl.50	209	6.50	4	7.20	100	8.10	Fl.55.30
PHIL C	Fl.60	161	0.40	180	1.70	111	2.60	"
PHIL P	Fl.55	87	1.10	64	2.30	66	2.40 B	"
RD C	Fl.200	117	4.60	169	8	22	10.20	Fl.197.80
RD C	Fl.210	156	1.80	296	4.30	15	6.50	"
RD P	Fl.190	424	1.50	355	4.40	—	—	"
RD P	Fl.200	254	5.20	90	2	5	10	"
ROBE C	Fl.75	—	—	5	2.70	—	—	Fl.74.10
UNIL C	Fl.340	2	11	22	)7.50	20	22	Fl.345
UNIL P	Fl.340	46	3.50	)2	7	—	—	"

TOTAL VOLUME IN CONTRACTS: 14,198

A=Ask B=Bid C=Call P=Put

CONTRACTS

Air Canada orders £10m computer from Sperry

An order for a large-scale computer system, worth over $C17m (£10.2m) from Air Canada has been won by Sperry. The order is the largest commercial contract ever received by Sperry in Canada. The system, an 1100/94 multiprocessor, will replace an existing Sperry 1100/64 mainframe used for Air Canada's Reservec II reservation system. The system will increase processing volume from 90 to 150 transactions per second and greatly enhance the function and flexibility of the reservation service. A Sperry 1100/92 dual processor will be installed for transitional testing next month at Air Canada's new Computer Systems Services Centre in Winnipeg, Manitoba. The complete 1100/94 configuration, consisting of four Central Processing Units, three Input/Output Processors and four Main Storage Units, will be completed by the end of 1985. The system will be fully operational by mid-1986.

★

COMMUNICATIONS AND CONTROL ENGINEERING CO. of Calverton, Nottingham, a *subsidiary of Boral (UK), has been* awarded contracts to the value of £500,000 for shaft monitoring *equipment at a number of* collieries in South Wales. The equipment complies with the recommendations of the Markham Commission and follows the NCB policy to modernise collieries in this area.

★

WEIR PUMPS has won its first order from China worth over £400,000 for six hydraulic oilfield pumps. The pumps, to be built at Weir's Glasgow Cathcart Plant, are believed to be a major advance in oilfield pumping technology. They will be installed 7,500 ft deep and will raise thousands of barrels per day of heavy crude oil.

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	64.2	68.3xd	−0.6	3.11
Accum Units	94.9	101.0	−0.9	3.11
Pearl Inc.	87.9	93.5	−0.8	3.05
Pearl Unit Tst.	93.9	99.6	−1.0	3.96
(Accum. Units)	156.6	166.6	−1.6	3.96

Perpetual Unit Trust Mngmt. (e) (z)
48, Hart Street, Henley on Thames. 0491 576868

Growth	182.9	196.3	....	1.47
Income	139.7	149.6	....	5.49
Worldwide Recovery	107.2	115.1	....	2.18
American Growth	58.6	62.9	....	0.67
Intl. Emerging Co.	59.7	63.4	....	0.79
Far East Growth Fd.	50.0	50.0	....	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	104.3	111.9	−1.0	6.42
Prolific Extra Inc.	62.5	66.5	−0.6	5.78
Prolific Gilt Cap.	78.2	81.4	+0.1	3.38
Prolific High Inc.	130.7	139.8xd	−1.3	5.06
Prolific Intl.	86.5	92.7	−0.8	1.65
Prolific N. Amer.	115.7	124.0	−0.3	1.85
Prolific Spec. Sits	149.6	159.1	−0.9	1.28
Prolific Technology	114.0	122.1	−1.5	0.85

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.8	51.7	−0.5	0.18
Worldwide	48.1	50.9	−0.4	1.58
European Trust	47.5	50.1	....	0.98
North American	51.5	54.6	+0.4	1.11
UK Equity	48.9	51.8	−0.7	3.03

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-59, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Prudential	325.5	346.0xd	−3.9	3.35
Holborn Gilt Tst.	146.1	153.0xd	+0.1	9.6
Holborn High Inc.	53.3	56.4	−0.2	7.87
Holborn Intl.	58.0	61.7	....	0.54
Holborn UK Growth	63.6	67.3	−0.3	2.91

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	322.4	343.0	−1.5	3.44
Quadrant Income	182.4	192.1	−1.3	6.22
Quadrant Intl. Fund	302.6	318.6xd	....	1.58
Quadrant Recovery	200.5	211.3	−2.0	2.73

Reed Stenhouse Inv Services Ltd
145 Borough High St, Lon SE1 1NV. 01-628 6011

Wellington Inc.	48.5	51.4	....	2.00
Wellington Growth	100.2	106.6xd	....	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	133.8	141.5	−1.1	4.51
Reliance Unit Tst (Inc)	86.7	92.4	−1.0	3.96
Reliance Ut Tst (Acc)	111.8	119.4	−1.3	3.96

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

Income UT	94.9	101.4	−0.6	6.70
International UT	228.4	244.3	−2.9	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

NC America (Inc)	231.9	244.1	−1.9	1.37
NC America (Acc)	246.3	259.2	−2.1	1.37
NC Engy Res. Tst.	175.2	186.4	−0.8	2.75
NC Inc Fd.	328.8	346.1xd	−1.9	3.15
NC Japan Fund	114.9	120.9	−1.1	0.02
NC Smaller Cos.	110.3	116.7	....	2.09
NC Smaller European	102.2	107.5	....	0.82
NC Exempt Gilt Tst*	116.3	122.0xd	....	11.18
NC American Prop*	11.21	11.80xd	....	—
NC Prop.*	185.0	194.3xd	....	—

*Unauthorised Unit Trusts.

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. 01-606 1066

American May 23	198.5	202.5	....	1.09
Securities May 21	546.0	561.0	....	2.75
High Yield May 24	131.0	134.5xd	+1.0	8.85
Merlin May 22	267.0	275.0	....	1.96
Fixed Interest	143.0	146.0	....	2.95
High Interest	117.5	118.5	....	12.54
Far East May 21	121.5	125.0	....	1.03

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS. 061-227 4422

Equity Trust	48.3	51.5xd	−0.5	3.07

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants. SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	97.9	104.7	−1.3	1.19
Do. Accum.	100.8	107.3	−1.3	1.19
TSB Extra Income	87.3	92.4	−0.3	6.03
Do. Accum.	97.1	103.4	−0.3	6.03
TSB General	119.7	127.9	−1.4	3.30
Do. Accum.	190.9	203.0	−2.3	3.30
TSB Gilt & Fxd Int.	46.0	48.1xd	+0.1	8.91
Do. Accum.	55.5	58.0	+0.1	8.91
TSB Income	160.3	170.5xd	−4.7	4.96
Do. Accum.	241.9	257.4	−1.4	4.96
TSB Pacific	108.7	115.7	−1.3	1.07
Do. Accum.	110.6	117.6	−1.2	1.07
TSB International	229.1	243.8xd	−2.0	1.89
Do. Accum.	278.8	296.7	−2.4	1.89
Natural Resources	49.4	52.6xd	−0.4	2.45
Do. Accum.	50.0	53.2	−0.4	2.45
TSB Spec. Opps.	48.1	51.2	−0.1	2.41
Do. Accum.	51.1	55.0	−0.2	2.41

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	72.4	77.4xd	−1.5	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	68.0	72.7	−0.6	0.10
Australia	29.4	31.4	−0.4	0.10
Commodity	100.9	108.3	....	1.54
Energy	46.8	50.1	+0.3	0.66
Equity	102.2	109.0	−0.9	3.69
European Spec. Sits.	49.2	52.6	+0.4	0.95
Extra Income	89.3	95.3	+0.5	7.41
Financial	206.5	219.2	−0.4	2.91
Gilt Capital	262.0	279.9	+0.3	3.29
Gilt Income	100.2	104.9xd	+0.2	9.27
Gold Income	66.9	71.4xd	−1.3	1.50
Gold Acc.	120.9	129.3	−2.6	4.00
Income	60.2	64.7	−0.4	5.79
Investment Tst.	99.6	106.2	−0.1	1.28
Japan	44.0	46.9	−0.4	0.10
Malaysia & Singapore	27.7	29.5xd	+0.2	0.90
Pacific Income	68.4	73.3	−1.0	1.35
Pacific Fr Inv	83.1	89.9	−1.3	1.05
Preference Share	15.2	16.4xd	....	10.54
Professional	486.1	918.5xd	−2.7	1.99
Special Sits	87.6	93.7	−0.4	1.84
Technology	45.5	48.6	....	6.1
U.S. Special Bond	49.3	52.7	....	6.31
Worldwide Capital	113.0	120.5	−1.5	1.77
Equity Exempt May 15	656.7	679.1xd	....	2.47
Equity Ex Acc May 15	1170.2	1248.2	....	2.47

Temple Bar Unit Trust Mgrs Ltd
Electra Hse, Temple Pl, Vic Emb, WC2. 836 7766

Electra Small Cos. Fd.	123.42	130.42	....	9.74
High Income	41.7	44.7xd	−0.2	7.55
North American	109.6	116.0	−1.0	0.66
Recovery	115.8	126.3	−2.0	3.92
Gilt Trust	26.7	36.6xd	....	10.03
St Vincent U.S. Gwth	70.7	73.7	−0.8	0.86
St. Vincent High Inc.	67.8	69.9	−0.4	6.26

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	26.5	28.6	−0.1	0.31
TR General Growth	39.0	42.5	−0.4	2.47
TR Global Tech.	29.4	31.3xd	−0.1	0.10
TR Income Growth	44.5	47.4	−0.3	5.04
TR Income Monthly	39.1	41.6	....	7.41
TR Overseas Growth	34.6	36.9xd	−0.2	1.74
TR Smaller Cos.	40.7	43.3	−0.3	1.42
TR Special Ops	42.9	46.2	+0.1	1.26

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

TUUT May 1	127.4	134.2xd	....	3.80

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Calonica May 17	376.4	399.3	+3.7	4.19
(Accum. Units)	601.0	628.0	+6.0	4.19
Fielding Fd May 23	199.5	237.5	+2.7	3.66
(Accum. Units)	210.1	225.3	+3.0	3.66
Fielding Inc May 23	137.6	147.8	+3.5	5.18
Fielding Wld Gr. May 23	207.8	220.2	+15.0	2.21
(Accum. Units)	233.6	247.6	+16.9	2.21
S&W American May 22	138.4	145.2xd	....	3.01
S & W Smaller Secs.	—	—	....	—

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 732241

Australian Securities	67.4	72.2xd	−1.1	0.68

Barclays Life Assur. Co. Ltd (z)
252 Romford Road, E7. 01-534 5544

Barclaybond	284.7	299.7	....	—
Equity Accum.	329.6	347.0	+0.2	—
Do. Initial	302.1	318.1	+0.2	—
Gilt-edged Accum.	177.3	186.6	−0.9	—
Do. Initial	166.0	174.8	−0.2	—
International Acc.	201.8	212.5	+0.4	—
Do. Initial	185.6	195.4	+0.4	—
Managed Acc.	242.8	255.6	....	—
Do. Initial	222.5	234.3	....	—
Money Acc.	159.8	168.2	....	—
Do. Initial	144.4	152.1	....	—
Property Acc.	204.6	215.4	....	—
Do. Initial	189.5	199.5	....	—
America Acc.	154.7	162.9	+0.9	—
Australia Acc.	134.5	141.6	−0.1	—
Financial Acc.	162.1	167.6	−0.4	—
'500' Acc.	161.7	170.3	....	—
Greater Pac. Acc.	192.2	202.4	+0.3	—
Income Acc.	175.6	184.9	+0.4	—
Leisure Acc.	119.7	126.0	+0.3	—
Spec. Sits. Fd. Acc.	97.2	102.3	−0.1	—
Universal Tec Acc.	94.0	99.0	−0.8	—
Equity Pns. Acc.	114.6	120.7	−0.1	—
Do. Initial Ser 2	110.2	116.1	−0.1	—
Gilt Edged Pns. Acc.	240.0	252.7	−0.6	—
Do. Initial Ser. 2	96.8	102.5	−0.9	—
Int. Pens. Acc.	99.5	104.8	+0.5	—
Do. Initial Ser 2	95.6	100.8	+0.5	—
Managed Pns. Acc.	318.4	335.1	....	—
Do. Initial Series 2	103.5	108.9	....	—
Money Pens.	216.5	229.9	....	—
Do. Initial Series 2	98.2	103.4	....	—
Property Pens.	99.5	104.8	....	—
Do. Initial Series 2	95.6	100.7	....	—

Black Horse Life Ass. Co. Ltd.
34ba, High St., Chatham. 0634 405161

Black Horse Man. Fd.		295.82	....	—
Managed Inv. Fd.	200.22	210.76	....	—
Property Fd.	162.27	170.82	....	—
Fixed Interest Fd.	156.59	164.84	....	—
Cash Fd.	149.04	156.89	....	—
Income Fd.	252.54	265.84	....	—
Extra Income Fd.	234.38	246.72	....	—
Worldwide Growth Fd.	239.04	251.62	....	—
Balanced Fd.	241.12	253.82	....	—
Smlr Co's & Recov Fd.	287.43	302.62	....	—
Int. Technology Fd.	267.45	281.53	....	—
Nth. Amer. & Gen. Fd.	184.39	194.10	....	—

Cornhill Insurance PLC
57 Ladymead, Guildford. 0483 68161

Equity Fd May 20	183.0	193.0	....	—
Fixed Int May 20	140.0	147.5	....	—
Man Growth May 20	401.5	422.8	....	—
Money Fd May 20	128.5	135.5	....	—
Cap Fd April 24		309.7	....	—
G.&S. Spec Fd April 15		128.0	....	—
Far Eastern Equity	114.0	120.0	....	—
N. Amer. Equity	111.5	117.5	....	—
Int'l Technology	102.0	107.5	....	—
Property	106.0	112.0	....	—

Credit & Commerce Life Ass. Ltd.
74, Shepherds Bush Green, W12 8SD. 01-740 7070

Life Funds

UK Equity	112	119	....	—
American Equity	105	112	....	—
Far East Equity	91	97	....	—
Managed Fund Acc.	287	303	....	—
International Equity	105	111	....	—
Gilt Edged	169	179	....	—
Money Fund	152	149	....	—
CCL Henderson	112	119	....	—
CCL Perpetual	141	150	....	—
CCL Property	149	158	....	—
Smaller Cos.	213	226	....	—
Richard Field Managed	91	97	....	—

Pension Funds

UK Equity	119	126	....	—
American Equity	110	117	....	—
Far East Equity	95	101	....	—
Managed Fund Acc.	319	330	....	—
International Equity	108	116	....	—
Gilt Edged	224	237	....	—
Money Fund	154	163	....	—
CCL Henderson	108	114	....	—
CCL Perpetual	124	122	....	—
CCL Property	102	109	....	—
Smaller Cos.	124	131	....	—

Criterion Assurance Group
Swan Court, Petersfield, Hants. 0730 63282

Criterion Mngd Fund	121.5	127.9	....	—
Pension Mngd Cap	40.3	42.5	....	—
Pension Mngd Acc	44.4	46.7	....	—

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. $12.68
Inv. Adv: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.29	—	-0.06	—
Dynamic Gwth Fd	$6.38	—	-0.03	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB			01-588 1815	
Deposit	12.3	—	—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fnd	12.54	9.50	13.92	6mth
7-day Fnd	12.68	9.49	14.08	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE.			01-236 1425	
Call Fnd	12.12	9.06	13.36	6-Mth
7-day Fund	12.33	9.22	13.60	6-Mth
Dollar	6.62	—	—	6-Mth
Money Mngt. Acct.	12.00	—	—	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh, EH2 4DF			031-225 8484	
Current Acc.	12.25	8.75	13.09	qtr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc.	12.50	9.34	14.08	Qtr
Mth. Int. Chq.	12.375	9.25	14.05	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Cheque Acc.	12.05	9.00	13.40	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Investment Services Ltd.				
29 Finsbury Circus, EC2M 5QL.			01-588 2777	
Cater Allen	12.06	9.02	13.426	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01-248 3999	
Sterling	12.375	9.25	13.79	Mth
U.S. Dollar	7.50	7.50	7.76	Mth
German Marks	5.0	5.00	5.12	Mth
Swiss Francs	2.00	2.00	2.02	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings				
St. Martins Hse, Hammersmith Grove, W6 0NY 01-748 9251				
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543 Ex 464				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE.			0803 862271	
Money Mkt Acc.	12.75	9.53	14.37	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG			01-631 3313	
Cheque Deposit Acc.	12.75	9.53	14.49	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc.	12.05	9.00	13.40	Mth
Lombard North Central PLC				
17 Bruton St, W1A 3DH.			01-409 3434	
14-Day Notice	12.75	9.53	13.61	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford.			0245 51651	
N.I.C.A.	12.26	9.16	13.66	Daily
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8738	
High Int Chq	12.04	9.00	13.49	Qtr
Provincial Trust (formerly Chesterton)				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	12.80	9.57	14.56	Mth
Royal Bank of Scotland plc				
24 Lombard St, London EC3V 9BA			031-557 0201	
Premium Account	12.25	9.15	13.73	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB.			0708 66966	
H.I.B.A.	12.05	9.01	13.47	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol.			0272 732241	
Demand Acc	12.31	9.20	13.88	Qtr
Money Acc.	12.375	9.25	13.87	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc.	12.10	9.04	13.70	Mth
Over £10,000	12.35	9.23	14.02	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL 1SE			0752 24141	
High Int Chq Acc.	12.69	9.48		

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
100⅞	[illegible]	Treas 11¼pc 1985	99[illegible]	.....	11.52	12.72
98[illegible]	[illegible]	Treas 8¼pc Cnv '85	98[illegible]	.....	8.84	12.45
101[illegible]	99[illegible]	Exch. 12¼pc 1985	100	.....	12.25	12.12
101[illegible]	99[illegible]	Exch. 11¾pc '86	99⅞	.....	11.77	11.81
99½	97[illegible]	Treas. 10pc Cnv 1986	98½	+[illegible]	10.15	11.82
94[illegible]	[illegible]	Treas 3pc 1986	94[illegible]	.....	3.18	9.15
100	[illegible]	Exch. 10¼pc Cv '86	98[illegible]	.....	10.61	11.67
101⅞	[illegible]	Treas. 12pc 1986	100[illegible]	.....	11.96	11.64
97[illegible]	[illegible]	Treas 8¼pc 1984-86‡‡	97	+[illegible]	8.76	11.48
105[illegible]	102[illegible]	Exch. 14pc 1986	103	.....	13.59	11.60
92[illegible]	[illegible]	Exch. 2½pc 1986	92[illegible]	+¼	2.71	8.23
104[illegible]	[illegible]	Exch. 13¾pc 1987	102[illegible]	+[illegible]	12.94	11.48
99½	[illegible]	Treas 10¼pc Cv '87	98	–[illegible]	10.46	11.53
90[illegible]	[illegible]	Exch. 2½pc 1987	90[illegible]	+[illegible]	2.77	8.66
99[illegible]	[illegible]	Exch. 10½pc 1987	98[illegible]	.....	10.67	11.46
95	89	Funding 6½pc '85-87‡‡	92[illegible]	+[illegible]	6.99	10.64
99½	[illegible]	Treas. 10pc 1987	97[illegible]	.....	10.28	11.57

Five to Fifteen Years

Over Fifteen Years

Undated

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ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
77	61	Marshall's Universal	63	–1	2.0	♦	4.6	♦
86	78	Do. 7½pcCnRedPf £1	83	–2	7½%	—	12.9	—
22	22	Martin-Black	228	...	—	—	—	—
£97	£81	‡Mathesons 7¾%	£97	...	Q7¾%	2.3	10.2	—
455	375	Metal Box £1	405	–10	115.0	3.2	3.3	6.5
170	136	Metal Closures	146	–2	6.7	2.0	6.6	9.1
17	9	‡Metal Sciences 2½p	12	...	—	—	—	—
104	73	‡Midland Marts	104	...	4.0	1.8	5.5	13.2
*83½	68	Mitchell Cotts	73½	...	4.0	1.5	7.0	10.5
230	182	Morgan Crucible	228	–2	8.0	1.6	5.0	15.8
32	22	‡Morris (W) F.A. 20p	27	...	g0.5	♦	2.6	♦
110	91	Moss (Robt.) 10p	107	–1	3.0	♦	4.1	♦
81	68	Myson Grp 10p	78	–1	g2.5	3.4	4.6	14.8
410	267	NMW Computers	350	–5	6.0	2.7	2.4	21.5
43	34	Nash Inds.	35	...	2.5	1.1	10.2	8.1
48	24	Neil & Spencer 10p	24	–5	—	—	—	7.2
44	14½	Newman Inds 10p	41	–2	—	—	—	♦
43	18½	Do. 10pc Cn.Cm.Pf.	40	–3	10%	—	3.6	—
55	43	Nolton	53	...	q1.1	4.5	3.0	0.9
183	146	Norcros	164	...	8.6	2.4	7.5	0.7
67	51	Nu-Swift 5p	59	...	5.0	♦	7.3	♦
95	68	Oakwood Grp	90	...	d4.5	1.4	7.1	13.2
226	150	Office & Elect	225	+3	7.5	2.4	4.9	12.1
108	83	Oldacre 20p	85	...	d4.0	2.6	6.7	7.3
58	37	‡Optometrics $0.01	52	...	hd02c	—	5.0	55.2
480	312½	Oriflame £1	480	...	23.4	1.3	7.0	14.9
18	13	Overstone 12½p	17	...	‡04.5c	♦	‡	♦
£178	£158	Oxford 9pc Cnv 87-92	£174	...	Q9%	—	5.3	—

LEISURE—Continued

1985 High	Low	Stock
33	5	‡Interyon Video
232	190	Juliana's Hldgs
268	217	LWT
65	55	Leisuretime Int
162	146	Mngmt. Ag. M.
193	155	‡Media Tech In
200	124	Medminster 10
230	175	‡Mktg World 10
127½	96	‡Nationwide L
39	15	‡Nimslo Int 20
24½	19½	‡Owners Abroad
53	38	Photax (Lon.)
24½	21½	‡P'dilly Radio
90	47	‡Pineapple Dac
458	366	Pleasurama 5p
115	109	Do. 7pcCnCmR
96	77½	‡Pres Entertain
65	28	‡Radio City 'A'
55	43	‡Radio Clyde
63	37	Riley Leisure 10
193	143	Saga Hols. 20p
£11½	540	Samuelson Grp
42	25	‡Sangers Photo
202	138	‡Scaura 50p
156	128	Scott. TV 'A' 10
508	319	SeaCo Inc $0.1
15	9	‡SelecTV 10p
140	28	‡Spectrum 5p

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

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[illegible]

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[illegible]

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[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

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[illegible]

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[illegible]

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MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

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[illegible]

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FINANCIAL TIMES

Saturday May 25 1985

Thatcher denies Tory 'jitters'

BY PETER RIDDELL, POLITICAL EDITOR

THE PRIME MINISTER yesterday denied Conservative MPs had "the jitters" and dismissed the recent decline in the party's opinion poll rating as the usual "mid term rough passage."

In an Independent Radio News interview, Mrs Thatcher sought to calm Conservative nerves after an unsettled month as Parliament rose for its week long Whitsun recess.

Four times she repeated that backbenchers "bave not got the jitters," and said she saw nothing to be worried about. "We most of us bave been through a mid-term before."

Significantly. Mrs Thatcher also tried to prepare the way for the Government's next big test: the statement on the reform of Social Security due early next month. She argued that the Government bad a duty to look at the future of the welfare state. "If you don't look at this you are promising things which you might not be able to deliver," she said.

This will be the main theme of a vigorous Whitehall propaganda exercise which the Government bopes will regain it the political initiative.

Later, in an interview on Channel Four's Week in Politics, Mr Neil Kinnock, the Labour leader, indicated that he would want to make big changes at the top of Whitehall if he became Prime iMnister.

He said: "There are one or two people who are currently economic advisers to the Government who have acknowledged that their services will not be required from the very moment that Mrs Thatcher concedes the election."

This was an apparent reference to Sir Terence Burns, the current chief economic adviser, and Mr Robin Leigh Pemberton, Governor of the Bank of England.

Mr Kinnock criticised what he described as Mrs Tbstcher'a system of stuffing the top of the civil service and massively increasing the Cabinet Office with assorted kinds of political favourites. "I think that is against the British tradition and the best system of the Britiab Civil Service," the Labour leader said.

Mr Mervyn Rees, the former Labour Home Secretary, speaking in Hampshire last night, warned that the party had to win hack supporters and do hetter in the south of England if it was to obtain an overall majority. He said this could not he done from London or on the backs of tbe Labour areas in the north, Wales and Scotland.

Australian brewer to aid Britvic sales drive

By Lisa Wood

ALLIED LYONS, the brewing, wine and food manufacturing group, is to enlist an Australian brewer in its drive to win a larger market share of the competitive soft drinks business.

Allied will give Castlemaine Tooheys, the Brisbane brewer, a 50 per cent interest in Britvic, its soft drinks division. In return it will receive an additional 4 per cent share in the hrewer.

Britvic, which makes fruit juices and mixed drinks, has an estimated 25 per cent sbare of the fruit juice market in the pub sector. It has been less successful in the grocery business, where the trend is towards larger bottles and Tetra-packs.

Mr John Clemes, financial director of Allied Lyons, said: "Britvic is a successful business, but we are not making enormous profits. We bave a very good hase, but there is a need for development, and I think we can do it together."

Mr Clemes refused to comment on a statement in Australia by Mr Lloyd Zampatti, managing director of Castlemaine, that it was boped the deal would lead to increased involvement in the European market.

The Australian brewer, which announced net profits of A$62.02m (£33.87m) in the year to July 31 1984, bas sought to expand its interests because of the static nature of the Australian beer market.

Last year it made an unsuccessful attempt to take over Nicholas Kiwi, the Australian Aspro-to-Kiwi shoe-polish group. It started to develop its soft drinks interests and took on two Coca Cola franchises, but with a relatively small domestic market has hegun to look abroad.

In the City yesterday it was said that while Britvic was a relatively small part of Allied's wines and spirits division, the Australian brewer would he strongly motivated to work hard on development of the hrand.

Allied Lyons, which already holds 20.9 per cent of Castlemaine, has recently introduced Castlemaine's XXXX lager into the UK beer market.

It has high hopes for the lager's success. Mr Clemes said: "We have long hoped to get closer to Castlemaine and huild our businesses together."

Allied, through its Allied Breweries subsidiary, is Britsin's second biggest brewer, though it has lost market share in the past decade. A key problem has been its range of lagers. There are indications, however, that the launch of Castlemaine, whicb is claimed to be Australia's hest-selling lager, has heen s success.

It was launcbed six months ago in the Central and Yorkshire Television areas, snd, brewed under licence, is understood to hsve won a 6 per cent msrket share with little substitution from the company's other lagers.

Agreement in principle bas been reached on the desl, with the 50 per cent interest in Britvic priced at sbout A$35m. Tbe final price awaits completion of an independent valution.

Castlemaine proposes to allot to Allied new shares wbicb will take account of the proposed consideration. Applications hsve been made to the Australian Foreign Investment Board to eoable Allied to increase its interest in Csstlemaine to 24.9 per cent.

THE LEX COLUMN

Woolies banks on conversion

As owners of one of the best High Street property portfolios in the country, Woolworth's shareholders might well wonder why they were asked to stump up a further £146m yesterday. After all, judicious property sales should be able to produce s capital profit to match Woolworth's planned capital expenditure. But last time around, the company burned its fingers when it sold £55m-worth of properties to Heron only to watch Mr Ronson make a fast buck developing them. This time, Woolworth wants to make its own development profits—which needs time.

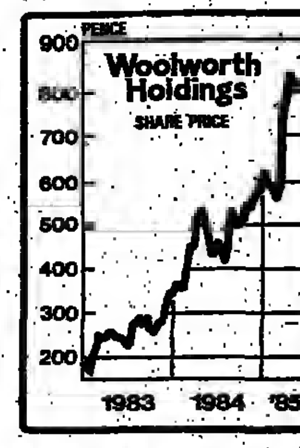
Woolies' shares are closely held by institutions and yield only 2.7 per cent. The 8½ per cent convertibles ahould widen the share ownership by appealing to gross funds and other investors looking for income. And any dilution of the equity is deferred until 1988. Assuming all the stock is converted, Woolies' gearing will fall from over 50 per cent at the last balance sheet to a much more manageable 24 per cent and the lower coupon should in the meantime knock £3m to £4m off the rest of this year's interest bill.

Much of the money will be spent on new stores and refurbishment for the B & Q and Comet cbains, while the rest could go on acquisitions. Capital expenditure of £80m to £90m is earmarked for this year, and 1986 should see even more. Given how much the rest of the High Street is spending, Woolworth presumahly has no choice. And on B & Q, at least, it seems to have hit on a successful retailing formula. The only worry over the longer term is whether companies like Woolworth will have to spend this amount of money just to maintain their market share. But the market seemed unperturbed yesterday, with no trace of pique at what might bave looked like a slightly opportunistic call for cash. At 813p, the shares were rock steady.

Money supply

With sterling looking remarkably resilient at around $1.26 all week, observers might be forgiven for wondering why interest rates have not fallen. Last month's poor money supply figures, after all, might have seemed like an aberration caused by companies borrowing from banks to buy capital equipment before the end of the financial year. The market then assumed that all would be redressed when the statistics for banking May are released a week on Tuesday.

Index fell 8.6 to 1001.6



Now analysts are not so aanguine. Estimates for May's £M3 growth have crept up, with many brokers going for a rise of ½ per cent, which will not bring the aggregate back into its target range. Again, the culprit is likely to be bank lending, expected to grow by around £20bn this year. If the Government is determined to keep £M3 growth on target, that would imply overfunding of at least £2bn this year — which will help neither interest rates nor the gilt edged market.

Economists at Capel-Cure Myers suggest that hank lending is growing for structural reasons, alongside a growth in deposits. Both companies and individuals seem to have become more sophisticated financially and are quite happy to horrow with one hand while they save with another. While the Government is obviously relnctant to concede defeat and drop £M3 as a target, there does seem some argument for using an aggregate that incorporates a measure of net liquidity rather than one that merely adds up the overdrafts.

Cambrian & General

The sport of fishing in troubled U.S. corporate waters is becoming less rewarding; or so it seems from the small drop over the last six months in the capital hacking of Cambrian & General investment trust, managed hy the Wall Street arbitrageur, Mr Ivan Boesky. As the defence of Phillips Petroleum sbowed, corporate America is becoming more adept at repelling raiders and the swelling ranks of the arbitraging community have crimped the margins of pioneers such as Mr Boesky. What this weeks decision from the Supreme Court of Delaware against Mr T. Boone Pickens means is unclear—but unlikely to favour the arbitrageurs.

Not that holders of Cambrian can complain at asset values that bave grown at three times the market average in the past year. Indeed, Mr Boesky must bave been rising quite early to contain the fall against the recent weakening U.S. dollar. The trust's turnover is less eye catching for the Inland Revenue now that much of the business has been transferred to a Bermudan subsidiary. A 25 per cent discount to net asset value for the ordinary shares looks attractive even if the trust is prolonged beyond its five-year life — though in such a scarce market, an investment in Mr Boesky'a skills is largely for the institutional Walter Mitty.

Pension schemes

The attempt by Gomme Holdings to release the actuarial surplus on its pension scheme for use in its business has been greeted with a truly Gaullist *Non* from the Inland Revenue. Whatever its skills at making G-Plan furniture—and these have not been particularly evident of late—Gomme cannot very confidently count diplomacy among them.

Gomme is a mere footnote to the pensions debate, but its hustling effort to reap some £2.9m from its actuarial surplus has pointed up what looks like a very grey area. In 1982, Commercial Union saw its pension liabilities increase in the form of lump sum payments when its UK staff was reduced; in contrast, the forced shrinkage of its U.S. workforce is likely to provide a badly needed surplus of $50m for the business this year.

The Revenue may have suspected that Gomme merely wanted to return to paying dividends (which it will do whatever the outcome of negotiations). But if a company ploughs back all its surplus into better pension benefits for its members, it may be creating an unsustainable floor when stock markets fall, salaries increase more quickly or the business and the workforce expand. And a pension scheme is not of much use without a company.

France wins £337m Soviet steel order

By Patrick Cockburn in Moscow and Ian Rodger in London

THE SOVIET UNION has ordered Fr 4bn (£337m) worth of steel products from France in an apparent bid to ensure continued large Franch purchases of Soviet gas.

Last year, France's trade deficit with the Soviet Union reached FFr 5.2bn, mainly because of imports of Soviet gas. At bilateral meetings in Paris last month, the Soviet Union agreed to increase substantially its purchases of capital goods in France in return for a pledge that France would not reduce its substantial purchases of Soviet gas.

The contract, for 1.5m tonnes of steel products, has been awarded to Usinor, the state-owned producer. It was signed in Moscow yesterday by M Rene Louhert, Usinor's chairman, and consists mainly of 450,000 tonnes of 56-inch diameter pipe for gas pipelines and 500,000 tonnes of heavy plate for making into pipe.

It also includes hot and cold rolled sheet for the automotive industry.

Deliveries will begin next year and last for two years. Usinor, which has suffered big losses in recent years, including a 1984 operating loss of FFr 3.4bn, said payment would be in cash.

The contract is a first for Usinor, which only entered the large diameter welded pipe husiness in the past year, and has invested heavily in machinery to ensure that the quality of its pipe matches that of the leading Japanese and West German producers.

It is spending FFr 1bn on a new heavy plate mill at Dunkirk and has paid nearly FFr 100m to acquire the large welded pipe operations of two private-sector French prodncers, Vallourec and St-Gobain, and install the machinery for making 56-inch pipe.

"We showed the Russians that we were willing to take risks, investing in this area," Usinor said.

Supplying pipe for the oil and gas industry is an increasingly demanding business. A year ago, the British Steel Corporation, which has not invested in new heavy plate and pipe making equipment, had an £18m pipe contract cancelled. The customer, Shell, said the quality of the pipe was unacceptable and shifted the order to a Japanese producer.

Over the past five years the Soviet Union has built five 56-inch pipelines to carry gas from West Siberia, which contains 40 per cent of the world's natural gas reserves, to Europe.

BAe planning all-British fighter in case European venture fails

BY MICHAEL DONNE AND LYNTON McLAIN

BRITISH AEROSPACE is working on an all-Britisb design for an agile combat fighter aircraft, the P-120, which could be adopted if plans for a European venture fail.

BAe, now fully privatised, is using Ministry of Defence funds for the project.

An aircraft of the type planned is needed not only to replace Jsguar and Phantom jet figbters in service with the RAF but to meet the requirements of other Europesn air forces, including those of West Germany, France, Italy and Spain. Up to 1,000 fighters, worth several billion pounds, could be produced.

The countries involved are continuing to seek agreement on a joint venture, the European Fighter Aircraft (EFA).

However, no significant results emerged from a recent Rome meeting of defence ministers, called to give the go-ahead for a detailed project definition. Another ministerial meeting is due to be held in London in mid-June.

Difficulties in proceeding with the multi-national venture stem from widely differing British (BAe) and French (Dassault-Breguet) ideas. These involve design leadership, work-sharing and even such fundamentals as the size of the aircraft and its primary role. The French want a ground attack aircraft while the UK is primarily concerned with air superiority.

Both sidest are huilding their own so-called single demonstrator aircraft—the BAe Experimental Aircraft Programme snd the French Dassault Avion de Combat Experimental now called the Rafale. Each is due to fly next year.

From these, a compromise design for the multi-national EFA could emerge, meeting all five nations' ideas. At the same time, both the BAe demonstrator and the Rafale could provide the nucleus of individual Britisb and Frencb programmes, if the EFA failed.

It is to meet such a situation that Britisb Aerospace, with Rolls-Royce and major equipment companies, are working on the additional P-120 design.

A similar move is being made in France, where Dassault bas indicated that it could put the Rafale into production as a ground-attack fighter and could use the existing Mirage 2000 as an air superiority aircraft.

Differences between the European nations, which the Rome meeting failed to heal, stem from Frencb insistence not only on design leadership for the European venture but on securing the largest share in the development and production of the fighter. A figure of 31 per cent bas been mentioned, although some sources in the French aerospace industry would like this to be taken even higher.

The other four nations believe that the UK, West Germany and France, should each have a 25 per cent share, with Italy taking 15 per cent and Spain 10 per cent.

The RAF needs a bigger and more agile aircraft than the Frencb air force, of about 10.5 tonnes against 9.5 tonnes, which would incorporate both air superiority snd ground sttack. The French only require the latter.

Because of high unit costs involved in s solely UK national solution, a unilateral development programme would involve not less than 400 aircraft. Of these the RAF would take about 250 and the rest would be sold overseas. BAe believes such export sales levels are feasible.

While it is primarily interested in a five-oation solution, BAe would not be averse to a four-nation programme which would exclude the French, if that hecame inevitable. The latter possibility looms large because the type of aircraft required by the French does not meet the RAF's operational needs.

The UK has to decide what it wants to do before the Ministerial meeting in London on June 17 and 18. The belief is growing in the aerospace industry that if no agreement is reached, a four-nation veoture must be sougbt. The go-it-alone solution is regarded as a last resort.

It will be made clear by the UK and West Germany at the meeting of ministers that time is running out and that decisions must be taken before the end of the summer if the resulting aircraft is to be available for service in the esrly to mid-1990s.

Lloyd's team to run Minet syndicates

BY ERIC SHORT

LLOYD'S is putting a management team into the troubled insurance syndicates run by Minet Group's Richard Beckett Underwriting Agencies.

The syndicates' 1,525 members—or "names"—face insurance underwriting losses that have been put as high as £130m and Minet has already announced that it is closing the agencies by the end of this year.

Mr Peter Miller, Lloyd's chairman, stressed that the latest move did not indicate any decision by Lloyd's to launch a financial lifeboat to bail out the members.

The new agency will be responsible for running the business of the two non-marine agencies, 918 and 940, managed by Richard Beckett, which bave run up the losses, until all existing insurance liabilities bave ended.

Lloyd's also hopes to announce the profitable marine syndicate shortly plans for management of 900 and the smaller aviation syndicate 859, which are also managed by Beckett. It is likely that they will continue as going concerns.

The Lloyd's move is being taken under the powers of the council of Lloyd's to appoint a substitute agent, known as an Additional Underwriting Agency, when it is in the best interests of members.

Mr Miller said thst the names had lost confidence in the ability of Richard Beckett, as it stands, to bandle their affairs. He empbssised that that arose out of the circumstances rather than from the particular people involved with Richard Beckett. Nonetheless, the council bad to make a judgment of competence.

The names of the people on the Additional Underwriting Agency are expected to be announced within a fortnight. They will take over from Richard Beckett as soon ss practicable following a transitional period.

The setting up costs of the new agency will be met by Lloyd's, though, Mr Miller emphssises the normal management costs incurred would be borne by the syndicates, that is the members. It was indicated that extra running-off costs would he borne by Minet. No indicstion of costs was given.

Mr Graham White, managing director of Richard Beckett, welcomed the Lloyd's Council's initiative and said he hoped everyone involved would give it their strongest support.

Mr Miller pointed out that members needed to decide now about their position in respect of the coming 1986 year of sccount and to choose between staying with their existing ingredients or switching.

Lloyd's lsst used its powers to set up Additional Underwriting Agencies in the late 1970s to handle the affairs of two earlier crises involving the Sasse syndicate and syndicates mansged by the Ashby underwriting agency.

Warning over mortgages

THE GOVERNMENT'S reported proposal to stop paying the mortgage interest of home owners on supplementary benefit could make more families homeless, says a report published in the latest issue of Roof, the magazine of Shelter, the housing pressure group.

The report presents the results of a Shelter survey into how local authorities' practices point to the way they might react to such a situation. Many councils would be unable to help the increasing number of families who would lose their homes due to mortgage arrears.

Mr Roger Matthews, the report's author, says: "It can no longer be assumed—if it ever could be—that local authorities will act as a safety net

The report reveals that if the Government did cease the payments, between 4 and 5 per cent of all people with mortgages would probably soon be in trouble over repayments; waiting list restrictions imposed by many councils would mean that owner occupiers and former owner occupiers would not be offered a home;

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Banks (Sidney C.)	230	+ 32
Combined English Stores	143	+ 6
Debenhams	381	+ 13
Energy Services	120	+ 7
FALLS		
A.B. Electronics	375	− 30
Blue Circle Inds	533	− 17
Bowater Inds.	273	− 9
Brammer	358	− 20
BP	530	− 8
Burton	490	− 12
Crystalate	155	− 10
Dalgety	430	− 13
E.R.I.C.	250	− 15
Etam	195	− 9
Greenfield Blacks	30	− 16
Habitat Mothercare	388	− 12
Harris Queensway	244	− 10
Highland Parts	283	− 15
LASMO	295	− 7
Menzies (John)	290	− 12
Metal Box	405	− 10
Micro Focus	320	− 50
Pioeapple Dance	47	− 10
Reed Intl	576	− 8
Shell Transport	700	− 13
Smith (W. H.) A	246	− 10
Vickers	322	− 12
Woodhead (Jonas)	42	− 4

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Swoop on Whitehall costs

the greatest scope for cost cutting — typing, telephones, messenger costs . . .

Senior civil servants normally use ballpoint pens to write papers for Ministers, or for each other. The papers are then typed.

The typing is not always done in Whitehall. Sometimes it is done just outside London. Harrow is believed to be one centre.

Sometimes it goes far afield — to Stockport or Lytham St Anne's.

The official explanation is that Departments get better vaine if they send typing outside London, where pay rates are lower. Unofficial reports have it that during the war some civil servants were evacuated to points north, and that ever since weekly vans have carried Whitehall's finest prose several hundred miles to be typed.

Travel is an area where aavings might be made, not least by Ministers. Some are thought to prefer the privacy of RAF aircraft when flying. It is thought that RAF planes, until recently, came expensive, mainly becanse the Ministry of Defence was told by the Treasury to charge other Departments on a cost-plus hasis.

When the private office of one Minlster beard bow mnch the RAF charged for a short hop, it went in for competitive tendering. The civil servants dlscovered they could cut the cost of their Minister's trip by several thousand ponnds using a private company.

The office network is powerful in Whitehall, and word soon got round. It is believed that the Defence Ministry has heen forced to start charging commercial rates. There could be room for further savings here, sucb as Ministers foregoing private aircraft for regular airlines where possible, bnt that is not something civil servants can control.

Telephone costs are another obvious target. When a Minister from, say, the Department of Trade and Industry wishes to know abont a forelgn organisation, his civil servants do not ring that organisation direct. They call the Foreign Office down the road.

The FO will then make the long-distance call to the country concerned, not to the organisation itself hut to the British Embassy. The embassy then rings the organisation, and gets the same answer officials would have got in the first place if they had been allowed to ring direct.

The embassy rings back the FO, which rings the DTI.

It is thonght that the rationale for this is that the FO must be informed of anything thst happens outslde Britain's borders.

But it sbould not be thought that Whiteball is not well aware of the need to cut telephone bills.

Most civil servants are issued with booklets listing "500 Ways to Save Money" on phone calls.

Nor is Whitehall profligate with its messenger services. Messengers, usually sent home at 5 pm sharp, do not always enjoy the speed and excitement of motor hikes. In some departments they have bus passes.

WEEKEND FT

Saturday May 25 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

The word processors

Gay Firth examines the phenomenon of the bestseller—a race in which Barbara Cartland's tales of smouldering passion vie with Winnie the Pooh and Latin verbs for the purchasing power of the book-buying public

IT IS KENNEDY'S *Latin Primer*. It is *Winnie the Pooh*. It is *The Concise Oxford Dictionary*, *Yes Minister*, and a short shelf of readable rubbish which brought HM Commissioners of Inland Revenue £437,000 in taxes last year from Jeffrey Archer. It is *Hotel du Lac*, which won the 1984 Booker Prize, Britain's top fiction award, and has sold more than 70,000 hardback copies; and *Empire of the Sun*, which did not win, but sold in even greater numbers off its shortlist placing.

Curious things, bestsellers.

The Growing Pains of Adrian Mole, some fictionalised outpourings of spotty adolescence, sold 187,000 hardback copies last year, according to the Sunday Times' bestseller list computations—415,000, according to the London Standard's—in a degree of popular success extraordinary, even bewildering, to readers who have to put up with the real thing at home. Sue Townsend's first run with young Adrian, the *Secret Diary*, had sold 915,000 copies in Methuen paperback by closing time in 1984.

1984 itself, a steady seller since first publication in 1949, did extra well for Penguin and the George Orwell Estate last year. William Golding's masterpiece, *Lord of the Flies*, has sold more than 6m copies since 1954; and some other Eng. Lit. trusties, ancient and modern—Jane Austen, Charles Dickens, D. H. Lawrence, Evelyn Waugh — do not do badly in the marketplace, depending partly on Who's Who in recent cinema and TV adaptations and partly on which books are set for "O" and "A" levels. (E. M. Forster's *A Passage to India* is a racing certainty for heavier sales this year.) In non-fiction, David Attenborough's book of his television series, *The Living Planet*, outsold all comers last year in hardback: 448,000 copies, which is a great many £12s on bookshop counters. It grossed nearly £1.5m for Collins in 1984.

"Bestsellers? Of course I need bestsellers. We can't do without them." Christopher Sinclair-Stevenson, managing director of Hamish Hamilton, is a publisher who "can't resist a good book." He is refreshingly downright about the fact that 90 per cent of a house's profits usually are earned on 10 per cent of its listed titles. Also, he is suspicious, like all sensible publishers, authors, agents, and serious readers, of bestseller listings which are published weekly and monthly in a wide variety of publications, here and in the U.S. "I've seen titles listed which only sold about 1,000 copies altogether. Some of these 'carriage trade' bookshops can send in some pretty funny sales returns, you know. But make no mistake, we need bestsellers. I couldn't publish new, first-class fiction if it weren't for authors like Susan Howatch and Ed McBain."

Of course, certain categories of book are bestsellers without even trying; but Sunday Times compilations ignore Bible and dictionary sales because these would dominate the listings to the point of blind tedium. Sales returns collected do not include, for the same reason, maps, cookbooks, reference and guide books. But *Delia Smith's Complete Cookery Course* was a surefire winner for its author and BBC Publications two Christmases running; and the Guinness Book of Records has sold from the beginning, sells now, and will probably sell for evermore its half-million copies a year.

Books like these, along with, say, the *Concise Oxford Dictionary*, the latest edition of which has sold 720,000 copies, bring quiet smiles to the faces of all concerned as the presses keep rolling to meet huge demand.

Literary editors and their reviewers, professional bookmen and women, can feel as if they were standing under Niagara with a bucket. Between 1972 and 1983, the number of books published yearly rose from 24,654 to 38,980. It has floated higher since, though 1981 was a bad year, down from 37,382 to 33,696. In 1982, UK publishers sold books worth a total of nearly £777m: fiction and "classics" (£190m), school textbooks (£115m), "technical and scientific" (£179m), children's books (£63m), and assorted "others" (£217m). Bibles (£12m) sell by the export truckload, though home sales have sagged badly over the past 10 years.

Relentless as the incoming tide, "romantic" fiction is the steady favourite among Britain's readers. One in three women read it regularly. Mills and Boon, who have been at it—and, like Noel Coward's Alice, at it again—for 75 years, have an average print run of 100,000 per title, each with a shelf life of 28 days. Twenty new titles are published every month and 200 authors write regularly for the imprint, many under pseudonyms. Romantic fiction produced to a formula is difficult to write; once mastered, a lucrative skill.

The yearly survey by the Registrar of the recently established Public Lending Right scheme, under which authors can earn up to £5,000 a year in royalties on books borrowed from libraries, makes astonishing reading. "Bodice rippers"—larger and more expensive than Mills and Boon but essentially the same escapist stuff of fatuous fantasy—dominate the league table. Heaving bosoms, smouldering glances, and moral values according to the gospels of Barbara Cartland, Dorothy Eden, Victoria Holt, Jean Plaidy and Margaret Pargeter are lent to more than 8.5m readers a year. Borrowings for Jeffrey Archer, J. T. Edson, James Herriot and Harold Robbins account for less than one-third of that figure. "Serious," but relatively popular, novelists like Beryl Bainbridge, Margaret Drabble, William Golding and Fay Weldon walk off library shelves a mere 880,000 times a year while 19th-century masters of the novel—Austen, Dickens, Eliot, Trollope—attract between 600-800,000 readers.

Catherine Cookson is borrowed more, sells more and probably earns more than any other writer in the UK. All 62 of her books are in print: they have sold 85m copies. Thirty-three Cookson titles feature in the PLR top 100 "most borrowed" books and she gets nearly 3,000 fan letters a year.

So how much do best-selling authors actually make? Financial reticence is the common denominator—at least until death do them part from their accountants.

Calculations by one leading literary agent show earnings for "a major British bestselling novel" ranging from £796.75 "at the bottom end" to £2,225,250 "at the top." That assumes a British hardcover sale of not less than 50,000 copies, not more than 100,000; an average royalty of 12.5 per cent on an average retail price of £7.95.

You can then add British book club sales and a British paperback sale — either to an "in-house" imprint or sold "out" — which carries an average author's royalty of 10 per cent.

Overseas, there are the U.S. hardback and paperback earnings, which can be huge: an "outstanding" British novelist would receive between $750,000 and $1.5m. Foreign rights might bring in between £30,000 and £75,000. Film and TV rights are "very iffy, always," but they can range from £25,000 up to £500,000. That is the income: against it must be set such outgoings as agent's commission, author's research and/or travel expenses, and fees for lawyers and accountants.

Fiction authors who would qualify for inclusion in this calculation in the UK are (with respectful apologies to those whose unobtrusive lifestyle matches their

"Make no mistake, we need bestsellers. I couldn't publish new, first class fiction if it weren't for Susan Howatch and Ed McBain"

financial reticence): Jeffrey Archer, Barbara Taylor Bradford, John le Carré, Shirley Conran, Len Deighton, Ken Follett, Frederick Forsyth, Clare Francis, Dick Francis, Jack Higgins, Victoria Holt, Arthur Hailey, Susan Howatch, P. D. James, Alistair Maclean and Wilbur Smith.

Earnings by those who write children's books and non-fiction can be just as spectacular — and speculative. Roald Dahl's *Charlie and the Chocolate Factory* celebrates 21 years in print, and sales of more than 5m copies, this year. Helen Oxenbury's board books for babies have sold 5m copies in 19 languages since the first five appeared in 1981.

What makes a bestseller? Obviously, television can provide a big boost: *Jewel in the Crown*, watched by millions, will swell sales of Paul Scott's *Raj Quartet* (a "difficult" read by any standards) especially with a colour picture from the TV series on the redesigned paperback edition.

But there are other ways. One is "formula fiction" with exotic locations, regularly paced episodes featuring sex, violence, and the occasional whiff of perversion: expensive lifestyles with plenty of brand names; and — these days — elaborately detailed food and wine. Another is to back your own literary hunch. Peter Meyer of Penguin does that: so does Tom Maschler of Jonathan Cape. It takes major publishing clout: financial power, as well as taste and nerve. One possible beneficiary of such an approach is an unknown young Canadian, Anthony Hyde; his first novel, *The Red Fox*, will be published in the UK in mid-September.

Hamish Hamilton paid £60,000 at auction for the UK volume rights of Hyde's book — an investment which makes imperative a publicity budget of £25,000. The UK paperback rights have sold for a six-figure sum; foreign rights have been sold in Germany, France, Spain and Mexico, Holland, Japan, Italy, South America, Israel, Norway, Sweden, Denmark and Finland. The American paperback rights went to Ballantine for $465,000; Canadian paperback rights to Penguin/Canada for $105,000. It is not inevitable that the book will succeed but it seems likely. It might even be a monster world bestseller.

So is *The Name of the Rose*: of all things, a literary mystery novel set in a monastery in the 14th century. Written by an Italian academic, Umberto Eco, and respectfully reviewed in its hardback translation by UK literary journals and book pages in the better newspapers, sales trickled along unspectacularly for several weeks; then, a paperback edition appeared and the book took off like a rocket to become a worldwide bestseller, leaving conventional publishing wisdom gasping. So is William Weaver, whose elegant, lucid translation into English from the original Italian earned him a staggering $80,000 on the usual tiny percentage accorded to the (unsung) craft guild of translators.

There is a further ingredient in the mixture: marketing impact. In this, the publishing profession as a whole has become visibly more professional. Literary gents wince a bit when they hear it, but "marketing" is something more than a four-letter word these days. It can also be expensive. Hodder and Stoughton's marketing campaign on Archer's latest novel, *First Among Equals*, is thought to be the most costly in the history of British hardback publishing. A 10-second advertisement on ITN on publication day cost £30,000 while front-page newspaper advertisements cost £15,000. Point of sale display material for bookshops cost £6,000; the author's promotional tour of 12 UK cities another £6,000.

Yet, by the end of last year the book had sold only around 60,000 hardback copies in the UK, about 30,000 fewer than expected. One reason for the shortfall could be some curious — and controversial — arrangements for its serialisation: the whole text was published over four successive weeks by *The Mail on Sunday* for a fee of £90,000, accompanied by a £500,000 television promotion campaign. (As a result, some shops refused to stock the book.) Odder still: the *Mail* included in the deal enormous advertising space for the earlier Archer titles. Paperback sales of these jumped. No one is quite sure, still, about the legal status of this sort of trading in rights.

If Archer provides his publisher with a continuing product, so also does a very different sort of author: Doctor Derek Llewellyn-Jones, whose *Everywoman: A Gynaecological Guide for Life* has sold well over 1m copies since its first printing by Faber and Faber in 1972 and is still selling more than 50,000 every year in successive editions and updatings. "We expect to sell 50,000 a year for the foreseeable future," says Desmond Clarke, Faber's marketing director.

An indefinitely extended shelf life is a publisher's definition of a bestseller. For authors, it is a royalty. Sadly, one bestselling author lives still to regret the day he accepted a flat fee: Patrick Montague-Smith, who used to edit *Debrett*, a guide to Britain's top people, wrote the text of Debrett's glossy book produced to celebrate the Queen's Silver Jubilee. Retailing at £12.95, it led bestseller listings for nine months. One sympathiser, wincing, estimates that even a 3 per cent royalty would have earned Mr Montague-Smith £150,000 over the period. But he had settled for £500.

The long view

In search of reasons for the random walk

Anthony Harris takes a sceptical look at the Efficient Market Hypothesis and comes up with some advice for investors: don't trade too often and, above all, don't trade on the basis of price movements you don't understand

IF THERE is one sure forecast about the stock market, it is this: if anyone noteworthy makes any criticism of the short views of the market, or of the investment acumen of the pension funds, someone will promptly write a letter to this newspaper about the Efficient Market Hypothesis—or EMH, for those who have covered this course 10 days ago, the Governor of the Bank of England made a speech about the funds and their views. He was actually quite protective of the funds, and so indeed was a subsequent editorial in these columns, but the letters have started yet again.

Since the EMH is claimed at one extreme to be a deeply scientific description of the laws of investment, and at the other as a meaningless tautology employed to cover up professional incompetence, it is as well to understand what it is about. (Another safe prediction is that this column will bring me letters saying that I have *not* understood; I could write them myself.)

Before we get down to cases, let me make an apparent digression. Many years ago, I was at a party in Oxford in which a rather heated argument sprang up between a professor of mathematics and some lesser mortal who was propounding a theory involving random numbers.

"You don't know what you are talking about," said the professor. "You don't even know what a random series is."

"Oh, yes I do," said the theorist. "It's a series of numbers which could be produced by any formula you could dream up."

"That's just what I mean," the professor retorted. "Any competent mathematician could find a formula to generate any series you give *him*. The test of randomness is this: if you hold one number back, it won't fit." Critics of Ernie, that small but dogged band of losers who keep finding formulæ to explain recent Premium Bond drawings, please note.

With that out of the way, you should be able to understand precisely how this EMH business began, which was with an American PhD thesis produced way back in my own student days on a computer. ("Gee whizz!" we thought then.)

This simply said that a full study of stock market price movements showed they had no pattern, but followed a random walk; which, in Oxford language, simply meant that the study of past price movements could give no guidance at all to future movements. This was rightly supposed at the time to be a heavy blow aimed at the chartists, who claim exactly the opposite and employ a whole battery of patterns, trend lines and support points to predict future movements from the past. The chartists are still with us, so either there are a lot of gullible investors or the walk isn't quite as random as that young man thought.

This already is one reason to be wary about the EMH; for the hypothesis, as it is very correctly called, is simply an effort to find a fundamental explanation for the random walk. This simply says that if any financial market is efficient enough to discount all known facts in the price of every security, then only new facts will move prices. "New" here has a rather special meaning. It does not mean that the future is impenetrable and unrelated to the past; it means that all the forecasts (including chartist forecasts) are also discounted. Result: random walk.

Now, as a broad description of markets this will do very well, and some useful conclusions can be drawn. Since known facts are discounted — just as known form is reflected in horse-racing odds—EMH does tell us that the only class of people who can be sure of making money in the markets are brokers, just like bookies at the races. You can still make money from stable tips — the insider trading that is such a plague in Wall Street in these takeover-days.

Chartists can still make money by spotting interesting micro-patterns, like the recently discovered dip in Wall Street prices around the third Friday of every month, due to futures market settlements. But their discoveries, like stable tips, are profitable only if kept quiet; once they are known, an efficient market will discount them.

The firmest conclusion from all this is a warning against trading too often. It is only trades which allow the intermediaries to take their cut. Above all, don't trade on price movement's you don't understand. The insider can make money only out of those who can be persuaded to part with a good stock or buy a bad one because they see a price movement before they see the news.

Those who take this message to heart will also avoid falling prey to the professional traders who try to generate income by "churning" — persuading Mrs Finkelstein to sell her ICI and buy BTR, and Mrs Brown to do the exact opposite, collecting brokerage both ways—a disease likely to spread here from Wall Street now that fixed commissions are going. They will not fall, either, for the false excitement generated on some quiet days when jobbers decide to "shake the tree"—mark prices aggressively up or down to provoke some trade. Indeed, you may conclude that the *small* investor, who has something better to do than watch prices on a screen all day, is luckier than he knows.

This might be one reason for the embarrassing fact—usually denied hotly by the EMH apologists—that small investors do seem, both here and in Wall Street, to make money pretty steadily out of the professional fund managers. This comes out both in surveys of share ownership (which show every decade or so that small holders own more shares than the annual statistics showing their sales to the funds would suggest), and the fact most funds do perform badly against the index—many of them very badly.

If, however, the EMH is a valid warning against infection with the market's own excitements—and its occasional fits of black depression, as in 1974/5—it is not a good reason for fatalism or apathy, which is what its proponents often seem to suggest between the lines. After all, if the hypothesis is true at all, it is only because investors are efficient, and respond to the known news, size up the rival forecasts, sometimes even second-guess the whole market itself. In other words, watch this space.

• CONTENTS •

London

Bids open way for battles

AN AVALANCHE of major corporate bids has swept into the market this week. The long awaited bid for Debenhams finally materialised with Burton slapping in a oear £500m offer. More surprising was the £117m bid by Bunzl for Brammer, which has met with sn immediate rebuttal. while British American and Geoeral Trust (BAGS to its friends) has beeo approached by a relative minnow in the trust aector, Shires Investment. clutching a bid worth over £60m — equal to more than six times its own size.

Not all the large bids of the week were so aggressively presented however. Gill and Duffus has willingly succumbed to a £120m offer from Dalgety in an effort to thwart the ambitions of an American company (not named) which has been making unwanted overtures. Despite Dalgety's cosy talk of synergy the market remained unimpressed with the quality of earnings Dalgety is buying.

Last. but not least, joioery manufacturers Joho Carr has agreed to a £65m price proffered by Rugby Portland Cement.

The bid for Debenhams, the department store group, must rank as one of the worst kept secrets io the history of the Square Mile. For months the rumours have ground on with many of the successful retail names of today suggested as potential bidders.

Despite protests to the contrary Phil Harrls' Harris Queeosway kept cropping up alongside Gerald Ronson's Heron group as possible members of a consortium willing to throw their hats intn the ring. The two have worked together in the past but Ronson seems to be more interested io winning the hand of Burmah — although at this stage he does not seem to he getting far. And while Harris Queensway has trading arrangements with Debenhams, a full bid seemed unlikely.

Recently the rumours have centred on two names—Burton and Habitat Mothercare. Even before Burton officially wheeled out the terms on Wednesday morning the City was coovinced to a man that a bld would come from that source. Debenhams, for its part, wss already building the defences with talk of a rival managemeot buyout (à la Haden) valuing the group around £600m.

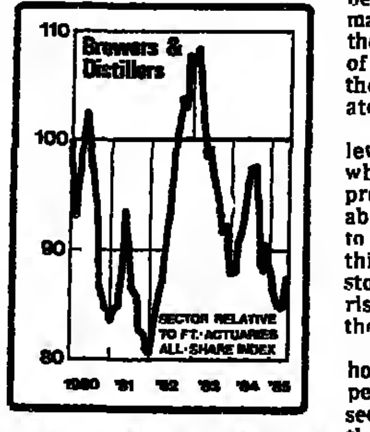
The structure of the offer is this. Burton Is bidding three shares plus 250p io cash for

If the bld goes through two of the most successful names in retailing, Ralph Halpern of Burton and Sir Terence Conran of Habitat. will come together in one venture and dealers almost fell over thmselves in their enthusiasm for such a combination. The shares of both companies Initially rose on the news as did Harris Queensway's. even though Its role. If Debenhams changes hands, remains unclear. Judging by Phil Harris' comments he is fairly relaxed whichever way the battle goes and the defence should not be written off this esrly anyway. That buyout is still in the wings.

Nor is the tussle for control of Brammer ooe where the defeoders look ready to throw in the towel. Brammer. a heariogs and power transmission equipment distributor. waa stalked last year by Bunzl. a paper group which has made great strides forward in distribution snd merchanting recently. But the rise in Brammer's share price seemed to put It beyond Bunzl's grasp and it eventually sold Its threateolng 4.6 per cent holdlng of Brammer equity In every 6ve Debenhams shares. Habitat Mothercare is doing a bid of backseat drivlog. If the hid succeeds it will undertake to redesign the 67 Debenhams stores and take a fifth of the selling space under Its own wing. It also has ao option to buy a fifth of Debenhams next year from Burton.

March at a £1½m profit.

That appeared to be that. until a meeting between the



groups' respective directors a month ago. What exactly were the intentions behind the meeting can only be a matter of conecture for outsiders. Obviously both parties would interpret those discussions in different waya oow that Bunzl has popped In ao unwanted offer triggered by Brammer's own £44m hid for Eoergy Services and Electronics last week. The fight is shaping up to b[illegible]

Outside the rush of takeover news the market generally remained strong throughout the early part of the week with the FT 30-Share Index just a few points below Its peak. But on Thursday some disappointing figures from Plessey sent a small ripple of nervous selling throughout the market.

Plessey's full-year profits, showing a fali of £12.5m to £163.7m pre-tax, were a good £10m sby of expectations. Given the generally good communications that persist between the City and leading UK companies, oasty surprises are relatively unusual. And in this case the market's over-optimism Is even more uoexpected because Plessey reports quarterly. Inevitably. having got it wrong, the market was in an unforgiving mood and the shares lost almost £200m in value during the afternoon—a fall of 15 per ceot.

There were unquantified losses at Stromberg-Carlson in the U.S. which dld not impress and high research and development costs and delays to System X deliveries caused further setbacks. But what really weot down like a lead ballooo was the collapse of profits from Plessey Electronlc Systems, the defeoce-oriented business. Profits there slumped to £1½m io the final quarter compared to £10m. Plessey. like others. has been caught out by lower demand from the Middle East.

On a charitable view Plessey's profits could pick up again towards the latter part of the current year and at the pre-tax level it might achieve £185m to £190m. But that must remain a tentative forecast at this stage.

Maanwblle the brewers' results season has got underway in earnest with a spate of reports from large and small alike. So far the figures bave been free of surprises for the market, nasty or otherwise, but they have acted as a reminder of the deepening gulf between the national aod regional operators.

Despite the continuing flat level of demand for beer as a whole the national groups are producing more than respectable profits from their breweries to judge by Bass snd Whitbread this week. Bass in particular stood out with a pre-tax profits rise of 26 per cent to £106m for the 28-week period to mid-April.

The inclusion of the Easter holiday within Bass' interim period, rather than in the second half as last year, flattered the growth rate which is unlikely to be maintained throughout the yesr. But that aside the Important message to come out of the interim report is that Bass Is producing steady growth in Its beer volumes despite the state of the market. The reason for that Is the steady shift by beer drinkers towards lager.

Groups such as Bass, with lager production accounting for 47 per cent of its breweries' output and Whitbread just a few percentage points behiod, are bound to prosper as a result of the trend.

So that leaves many of the smaller breweries relyiog on their tied estates to sustain profit levels. And there too shareholders might rightly question the ability of the regionals to provide the capital Investmeot necessary to upgrade their pubs. The sawdust Is giving way to expensive potted palms these days.

For iovestors the picture seems clear. Despite any inclinatioos towards lethal local brews they should stick with the national chains.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Changa oo week	1985 High	1985 Low	
FT Ordinary Index	1,001.6	− 6.7	1,024.5	928.7	Bid speculation consumes interest
BSR International	90	−35	167	83	Chairman's gloomy annual statement
Brammer	358	+54	401	280	Takeover hid from Bunzl
Bnrton	490	+30	509	408	Launches bid for Debenhams
Cowie (T.)	64	+ 6	65	40	Vague takeover rumonrs
Dares Estates	12†	− 6	21	12	Annoal results delayed
Debenhams	381	+73	381	188	Hopes of counter to Burton bid
Etam	195	+30	210	128	Speculative bid hopes
Exeentex Clothes	35	+ 6	36	27	Speculative bid hopes
Formdesign	178	+30	178	130	Bid from Hunterprint
Gill and Duffus	178	+38	210	139	Agreed offer from Dalgety
Habitat Mothercare	388	+32	410	310	Involvement in bid for Debenhams
Harris Queensway	244	+12	256	168	Trading agreement with Debenhams
Metal Box	405	+21	435	375	Buying in front of annual results
Meyer International	140	+14	142	112	Revived bid speculation
Phoenix Prop. and Financa	64	+12	64	31	Property acquisitions
Plessey	150	−16	212	148	Depressing preliminary statement
Sumrie Clothes	58	+ 5	82	40	Revived speculative interest
Woodhead (Jonas)	42	+11	46	21	Takeover speculation

† Price at suspension.

Unlisted Securities Market

Time to put away the toys

SHOWING THE sama dexterity with which its "Sweet Secrets" toys transform themselves from a bracelet one minute in to an animal the next, Fergabrook has ceased to be primarily a toy distributor and has become a wholesaler of DIY and garden products.

Fergabrook has not been slow to use its paper to make acquisitions since it joined the USM laat September, and its £5.4m purchase on Monday of Tritrade makes it one of the 6rst USM companies to take over a business larger than its own.

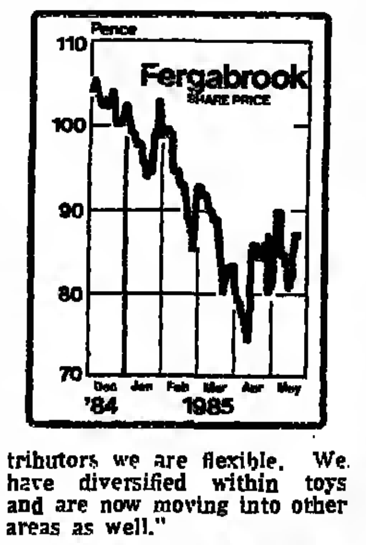
In terms of markel capitalisation Fergabrook dominates, but Tritrade's turnover at more than £50m is more than twice Fergabrook's; and it employs about 650 people against Fergabrook's 43. Fergabrook, howaver, has the edge in profitability: last year it Increased pre-tax pro6ts eightfold to about £2.5m whereas In the year to March 1985 Tritrade will bave roughly halved its profits to £300,000.

Possibly Fergabrook has taken on more than it can cope with. But, so far. the market seems impressed and the sbares rose by 5p to 86p despite the fact that 7.75m shares—about 45 per cent of the existing equity—have been Issued to finance the acquisition.

Fergabrook bad been getting restive at being Ireated as the USM's also-ran toy company. Unlike the favourite, Bluebird. It bas had difficulty convinciog investors that its success was not of the most flimsy oature.

Sales of the "A-team" character dolls, which accounted for three-quarters of Fergabrook's turnover last year, already are past their peak. When It comes to choosing the right toy for this season, 10-year-olds can be the most discriminatiog of consumers. Fergabrook recognises this. and bas Increased its toy ranges from about four to 15 to spread the fashion risk. It is now concentrating on what It calls "concept toys," which apparently have a longer market life than character dolls.

"I can't understand why our rating is so different from Bluebird's," saya Richard King. Fergabrook'a chairman. "They are manufacturers and are stuck to their products. As dis-



tributors we are flexible. We have diversified within toys and are now moving into other areas as well."

In January this year Fergabrook bought Clifford Enterprises. which distributes cosmetics and jewellery: and now. with the addition of Tritrade's 14,000 different products, Fergabrook can no longer he accused of heing over-exposed to any single market.

Mr Kiog denies that all these new products represeot a drastic departure for the company Into areas where It has oo experience. Fergabrook's formula is to buy the distributive rights for a product, get it made up cheaply in the Far East, and then sell it in the UK. The company already has extended this to Clifford by securing for it the sole rights to Playboy Cosmetics and plans to do the same for Tritrade which until now has relied on a "buy British" policy.

As well as rationalising by closing depots and installing computers to improve stockturn, Fergabrook slso plans to change Tritrade's customer profile towards a heavier dependence on the multiples, where larger volume more than compensates for tighter margins. Fergabrook considers Itself well placed for this task as the multiples already account for 80 per cent of its toy sales.

Fergabrook's image in the City hss changed from the days when it specialised in selling off hankrupt stock. The seal was put on its new respectability when it hlred Wood Mackenzie and Hill Samuel to help with the acquisition of Tritrade. "We've got a new-found credibility in the marketplace," saya Mr King.

This is more than can be sald for the hapless Adam Leisure, which would have done well to diversify away from the hand-held computer games from which it made £3m In 1983. On Friday it shocked even Its more pessimistic observers by announcing a pre-tax loss of £500,000 for the first half, which Includes the Christmas spending season.

Now, the company says that it bas broadened its base and Is distributing a wider range of educational electronic games, as well as cordless, portable baby-listeners and electrical adaptors. The market has yet to be convinced and shares, which reached s high of 105p, are now slumped at about 13p.

Lucy Kellaway

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of hid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Adams & Gibbon	240*	250	234	4.32	Keep Trust
Allied Textile	473	510	430	42.91	London & Midlnd
Anvil Pet	60	58	50	9.66	Berkeley Expln
Brammer	388	358	348	115.64	Bunzl
Brit Amer Trust	¶¶	111	110	¶¶	Shires
Brown (Matthew)	472⅞§	385	323	106.57	Scot & Newcastle
Carr (John)	94	91	88	64.31	Rugby Ptld Cem
Cartwright R.	130½§	170	107	8.76	Henderson Group
Cole Group	172§ §§	186	122	5.16	Moss (Robert)
Debenhams	344§ §§	381	327	482.26	Burton Group
Energy Services	134§	116	97	42.89	Brammer
Formdesign	180*	178	160	4.50	Hunterprint
Gill & Duffus	177§§	178	190	117.01	Dalgety
Haden	240*	362	232	37.18	Trafalgar House
Ingall	105*	104	90	9.58	House of Fraser
MFI	285	285	258	581.42	Assoc Dairies
MJI	19½	19	15	4.37	Leigh Interests
Muirhead	176	166	148	14.97	RHP
Petrolex	94½§§	86	81	14.76	Aran Energy
Petrolex	84	86	81	13.12	Saxon Oil
Planet Group	109	105	88††	10.91	Heywd Williams
Selincourt	44	29½	28½	22.78	Stormgard
Solicitors Law	40	41	37	4.61	Hollis Bros
Solicitors Law	35*§	41	41	4.03	Pergamon
Times Veneer	20*§	29	49	1.41	CDI Hldgs
Trident Computer	80	75	70	2.00	Park Place
Westland	150*	149	140	88.90	Bristow Rotocraft
Yorkgreen	18	15	10	1.98	Talhex Group

* All casb offer. † Casb alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on May 24 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Ass Brit Foods	Mar	132,300	(126,700)	19.8	(21.2)	5.4	(5.0)
B&C Shipping	Dec	66,220	(58,530)	17.3	(17.0)	4.0	(3.5)
Black, A. & C.	Dec	312	(362)	17.9	(24.8)	9.5	(9.0)
Brit & Am Film	Dec	512	(434)	—	(—)	17.5	(15.0)
British-Borneo	Mar	1,790	(1,430)	25.7	(21.6)	17.5	(15.0)
Buckleys Brew	Mar	935	(846)	4.2	(5.7)	2.7	(2.45)
Caparo Ind	Dec	2,760	(1,830)	4.9	(3.9)	1.65	(1.5)
Cater Allen	Apr	3,710	(3,920)	—	(—)	28.88	(28.88)
Chmbrlin & Hill	Mar	562	(463)	9.6	(8.1)	3.5	(3.12)
Clarke Nicholls	Dec	511	(900)	4.6	(10.0)	6.3	(6.0)
Feb Intl	Dec	740	(1,080)	7.9	(8.8)	2.9	(2.64)
Fine Art Dev	Mar	7,200	(3,400)	—	(—)	3.2	(3.0)
Goldberg, A.	Mar	640	(1,900)	1.0	(5.3)	1.0	(5.25)
Goldsmiths Grp	Feb	1,620	(430)	—	(—)	7.5	(5.5)
Ivory & Sime	Apr	1,620	(430)	—	(—)	7.5	(5.5)
Lanca	Dec	260	(179)	15.5	(11.2)	0.38	(0.3)
Milletts Leis	Jan	396L	(431)	—	(4.8)	3.95	(6.95)
Nu-Swift Ind	Dec	4,510	(1,870)	5.2	(4.8)	3.0	(2.4)
Parkland Text	Mar	2,010	(1,610)	28.3	(22.7)	4.8	(4.5)
Plessey	Mar	163,700	(176,200)	12.7	(15.3)	4.38	(3.8)
Renwick Group	Dec	951	(575)†	5.1	(8.7)	—	(—)
Rolfe & Nolan	Feb	360	(571)	9.6	(14.1)	4.0	(4.0)
Sainsbury, J.	Mar	156,400	(130,000)	15.6	(12.9)	4.5	(3.75)
Sandhurst Mktg	Jan	1,570	(1,240)	4.2	(4.0)	1.2	(0.86)
Utd Friend Ins	Dec	6,800	(7,400)	28.2	(31.1)	14.6	(12.25)
West Brom Spring	Dec	7	(276)L	—	(—)	—	(—)
Whitbread & Co.	Mar	110,100	(95,100)	21.4	(19.3)	6.95	(6.25)
Yorklyde	Jan	1,840	(1,270)	23.8	(16.3)	6.0	(5.0)
York Mount	Jan	1,840	(1,270)	23.8	(16.3)	6.0	(5.0)
Young & Co	Mar	3,030	(2,640)	12.7	(11.3)	6.3	(5.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aspinall Hldgs	Mar	6,880	(3,710)	—	(—)
Avon Rubber	Mar	2,010	(1,310)	2.2	(2.0)
Bass	Apr	106,000	(84,400)	3.7	(3.3)
Brooke Tool	Mar	427	(419)	0.5	(—)
City Site Est	Mar	504	(120)	0.41	(0.34)
Cramphorn	Jan	29L	(84)	1.67	(1.67)
Craton Lodge	Mar	130	(223)	0.5	(—)
Cronite Group	Mar	200	(45)	—	(—)
Crystalate	Mar	2,360	(2,800)	1.54	(1.47)
Gomme Hldgs	Mar	732	(845)	—	(—)
Greenall Whitley	Mar	11,440	(10,530)	2.07	(1.88)
Guinness Peat	Mar	6,800	(4,200)	0.8	(0.6)
Hoggett Bowers	Feb	306	(304)	0.5	(—)
Howard Group	Mar	1,320	(736)	4.3	(—)
JFB	Mar	1,210L	(2,640)L	—	(—)
MAM	Jan	887	(818)	2.8	(2.8)
McCarthy & Stne	Feb	4,080	(3,150)	0.67	(0.58)
Maynards	Feb	24,010	(22,840)	4.25	(4.25)
Meyer Intl	Mar	16,100	(16,900)	1.8	(1.65)
Polly Peck	Mar	28,160	(21,360)	1.5	(1.0)
Pyke Hldgs	Mar	793	(505)	2.5	(2.0)
Radio City	Mar	49L	(234)	—	(1.8)
Radio Clyde	Mar	189	(354)	1.5	(1.5)
Ranks Hovis	Mar	36,500	(23,700)	1.84	(1.6)
Red Nat Glass	Mar	67	(186)L	—	(—)
Reliant Motor	Mar	598L	(25)L	—	(—)
RHP Group	Mar	4,260	(2,110)	1.65	(1.25)
Rosehaugh	Dec	1,260	(1,190)	—	(—)
Saatchi & Saatchi	Mar	15,510	(7,480)	5.29	(3.33)
Spencer Clark	Mar	265	(43)	0.5	(—)
Synterials	Mar	335L	(29)L	—	(—)
Utd Sci Hldgs	Mar	5,360	(6,860)	2.2	(2.0)
Tunstall Tele	Mar	1,710	(1,240)	0.7	(0.61)
Western Sel	Mar	388	(327)	1.0	(1.0)
Williams, John	Mar	28	(84)L	—	(—)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share, except where otherwise indicated. † Figures for nine months. L Loss.

ISSUE NEWS

Ansbacher, H.—To raise £35.6m through a two-for-one rights issue at 50p.

Caparo Industries—To raise £10.52m through a rights Issue of 8 per cent cum red pref shares of £1 at par. On the basis of two pref shares for every nine held or 5 pref shares for every nine 8½ per cent pref shares held.

Tomkins, F. H.—To raise £11.7m through a two for seven rights Issue at 150p.

RIGHTS ISSUES

Ecobric Holdings—To raise £756,000 through a seven-for-two rights issue at 10p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Charlie Brown Car Part Centres—USM placing of 1.8m shares at 76p.

Fergabrook—Veodor placing of 7.75m shares at 75p.

Wold—USM offer for sala of 5,263,158 shares at 95p.

Results due next week

A £200m brew for Allied?

Allied-Lyons, Britain's second largest brewer with just over an eighth of the beer and lager markets, looks poised to break through the £200m pre-tax profits level when it announces its results for the year to March on Tuesday.

The consensus among analysts is that the beer, wine and food manufacturing group will achieve £210m against £195m previously—and that the share price could top 200p in response.

What the market will be looking for In these results Is evidence of an underlyiog improvement. particularly in the heer division which has suffered from falling market share. In January there waa a management shake-up with a new divisional managing director, and a consequent series of board changes.

It will certaioly he too early to judge the new men by these results but the announcement of plans for marketing aod product changes could boost confidence that the erosion of market share will at least be staunched.

In spite of the Inevitably poor January and February trading cooditions the beer division's profit contribution should be ahead by 10 per ceot at around £95m—although a lot of that gain will have heen made in the first half. Food is expected to bave done better in the second half—with a rise on the year of over 13 per cent to £57m.

In November when Boots announced its interim profits, up a third to £75m, It looked as if the high street chemist and pharmaceutical manufacturer would be able to restore some strength to Its share price. However, this was not to he and the shares underperformed the market hy almost 20 per cent in the year to early May.

The results for the year to March 31 due on Thursday are expected hy analysts to show pre-tax profits of £176m excluding an estimated £9m gain from property sales; in the previoua year the pre-tax was £165m including £16.5m property profits.

Worries over the performance of the group in the U.S. and the depressed state of its other major markets—the UK, Italy and France—are the main cause of the downrating.

Loss of royally earnlogs on Ibuprofen in the U.S. plus two rounds of sharp price cuts hy Upjohn will not impact much in these results but they are making the present year look likely to be a poor one.

So while the 18 per cent rise in pre-tax forecast for Thursday's results looks strone eoough and margins should still he over 25 per cent, the outlook is for a far more modest 1985-86 result with worldwide governmental pressures to reduce drug bills threatening to hold profits back.

Courtaulds, the fibres, fabrics, paint and plastics group, is expected to report pre-tax profits of £127m on Tuesday, less than 10 per cent ahead of the prevlous year's £118m.

In the last year the company has been going through a considerable rethink over its orgaoisation and product mix—the full impact of which may not he obvious for another two years. Fihres, which last year provided hslf of trsding profits look increasingly uncertain and closures have had to he made to reduce production and what Is left Is beiog channelled towards expanding areas.

International Paint is expected to he combined with packaging, pulp and chemicals into a new chemicals division, reorgaolsing the group into three main dlvlsions—fibres, textiles and chemicals. Sales in the first division on an annual basis would be some £500m while in the other two about £800m should he achieved.

On an existing divisional basis, fibres should contribute £62m to trading profits, fabrics £14m, international paint £24m and the rest £36m.

For the group as a whole margins have improved and the shares will be on an undemanding multiple of under 6 if the analysts are right in their forecasts.

The market will not he waiting with hated breath for Harrison and Crossfield's results on Wednesday. During its hid for Pauls earlier this year the company said that it would increase pre tax profits for 1984 to £82m (£56.6m), a forecast that most analysts expect to be fractionally exceeded.

By far the higgest earner last year will have heen the plantations division which could double the previous year's contribution to £43m, helped by crop increases aod a higher palm oil price.

Much higher profits are also forecast from the chemicals division, especially in the UK where the weakness of the pound has greatly increased competitiveness.

Declioing UK housing starts may he reflected by a flat year in the timber division, while a modest improvement can be expected from general trading as the volume of world trade rises.

Tate and Lyle may not have improved much on last years £27m when it reports its interims on Wednesday. even through that number was depressed hy a £12m provision in the sugar trading division which should not be repeated.

This year's problems will have centred around the intensely competitive conditions in the U.S. and UK sucar markets. Profits from Tate and Lyle's UK refineries will have been hadly squeezed, and over-capacity in the U.S. has resulted in a damaging price war.

Otherwise, a five week strike at Redpath in Canada will have hitten into construction profits, and EEC dairy quotas will not have helped United Molasses, as 80 per cent of its output goes to animal feed.

City analysts do not agree on the extent of the damage, and forecasts for pretax profit range from £27m to £35m. The first time inclusioo of Donlee and Vigortone will help.

A steady, respectable advance of 10 per ceot in about £24m at the half way stage can be expected from MEPC when it announces its interim results on Wednesday. The growth should come both from rent reviews snd reversions snd from higher interest received, with dealing profits also advancing from last year's depressed levels.

Of more interest to the market than the half year results should be an announcement about two properties sold during the period, in Houston and Honolulu. None had been particularly good investments, and had shown poor growth since they were acquired due to a weak letting market. The sales should have brought in about £45m.

Among the other major companies reporting this week will be merchant baokers Hill Samuel, whose pre-tax profits for the year to March 31 are expected to reach £30m.

Lucy Kellaway
Terry Povey

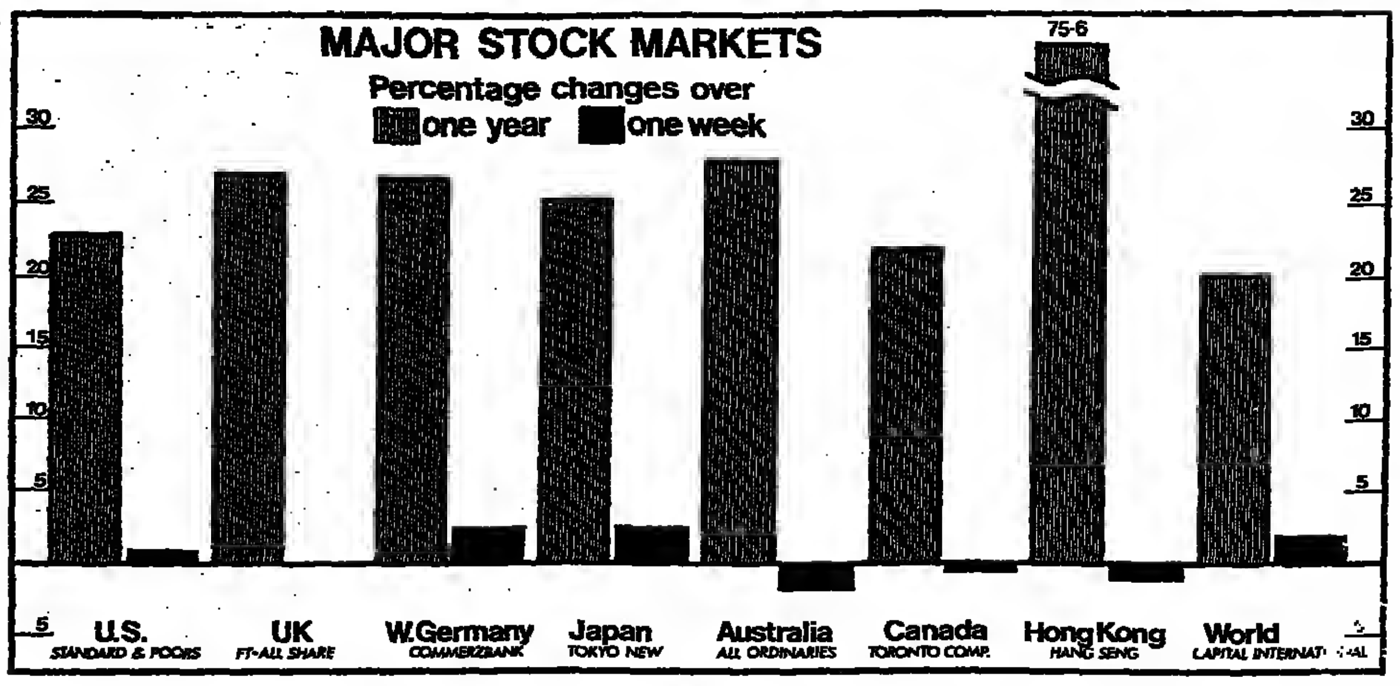
Company	Announcement due	Dividend (p)* Last year Int	Last year Final	This year Int
FINAL DIVIDENDS				
Allied-Lyons	Tuesday	2.42	4.38	2.8
Boots Company	Thursday	2.0	3.5	2.2
Capital and Counties	Wednesday	1.4	2.3	1.6
Capital Gearing Trust	Tuesday	—	0.175	—
Capital Strategy Fund	Friday	—	—	—
Carless, Capel and Leonard	Wednesday	1.0	1.75	1.0
Chesterfield Properties	Wednesday	3.75	5.5	4.0
Coalite Group	Wednesday	1.67	4.13	1.78
Courtaulds	Tuesday	1.2	3.0	1.4
Dencora	Tuesday	—	—	—
Dunhill Holdings	Tuesday	1.2	1.6	1.5
Extel Group	Thursday	1.5	4.5	1.5
Ferguson Industrial Holdings	Tuesday	2.5	4.0	2.5
Freshbake Foods Group	Friday	0.25	0.8	0.6
Geiss, Frank G.	Tuesday	—	3.0	—
Harrisons and Crosfield	Wednesday	4.0	13.0	4.5
Hill Samuel Group	Friday	3.0	7.5	3.25
Howard and Wyndham	Tuesday	—	—	—
Hunter Saphir	Thursday	—	0.7	—
Lep Group	Thursday	4.0	13.5	1.25
Millfields Investment	Tuesday	—	—	—
Portsmouth and Sunderland Newspapers	Thursday	1.0	3.0	1.0
Sherston Securities International	Tuesday	—	—	—
Southend Stadium	Friday	—	0.765	—
TR Property Investment Trust	Wednesday	1.2	1.95	1.35
United Computer and Technology Hldgs.	Thursday	—	0.71	—
Western Brothers	Thursday	—	—	—
INTERIM DIVIDENDS				
Appledore, A. and P Group	Thursday	—	0.45	
Arbuthnot Government Securities Trust	Friday	2.75	2.75	
Archimedes Investment Trust	Tuesday	4.0	5.0	
Associated Fisheries	Wednesday	0.25	2.5	
Davenports Brewery (Holdings)	Wednesday	3.6	5.4	
Dobson Park Industries	Friday	1.9	3.31	
Hewitt	Thursday	—	0.375	
International Thomson Organisation	Wednesday	0.0725	0.0825	
Leeds Group	Wednesday	1.75	3.25	
MEPC	Wednesday	2.5	6.5	
M and G Group	Thursday	5.0	7.5	
Murray Growth Trust	Wednesday	0.4	1.0	
Richards	Friday	0.5	0.95	
Scottish National Trust	Tuesday	1.3	2.95	
Tate and Lyle	Wednesday	5.5	12.5	
Telecomputing	Tuesday	0.35	0.65	
Wolverhampton and Dudley Breweries	Wednesday	2.55	5.05	

* Dividends are shown net pence per share and are adjusted for any [illegible] scrip issue. † Cents per share.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	7.00	7.12	5.59	4.07	half yearly	1	—	0-7
High interest cheque	9.00	9.31	7.32	5.32	quarterly	1	2,500 min.	0
3-month term	8.56	8.84	6.95	5.05	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.81	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 min.	0
90 day	10.00	10.25	8.05	5.86	half yearly	1	500 min.	90
Premium	10.25	10.65	8.37	6.09	quarterly	1	10,000 min.	30
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.01	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-100/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.48	9.70	7.63	5.55	half yearly	1	2,500 min.	7
Schroder Wagg	9.04	9.42	7.40	5.38	monthly	1	2,500 min.	0
Provincial Trust	9.57	10.00	7.86	5.71	monthly	1	1,000 min.	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	11.56	8.57	7.07	5.58	half yearly	4	—	0
11% Exchequer 1990	11.50	7.98	6.23	4.49	half yearly	4	—	0
10.25% Exchequer 1995	10.45	8.05	6.38	4.70	half yearly	4	—	0
3% Treasury 1987	8.71	7.56	6.98	6.41	half yearly	4	—	0
3% Treasury 1989	9.34	8.27	7.74	7.21	half yearly	4	—	0
Index-linked 1988¶	9.65	9.06	8.76	8.46	half yearly	2/4	—	0

*Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.



Tokyo

Frustrated foreigners shun equities

"LOOK AT IT this way," said one financier the other day. "The value of land is so high in Japan that, if you wanted to buy the whole country, it would cost 28 times more than the U.S. Yet, the market worth of the Tokyo Stock Exchange is less than half that of Wall Street. So the Japanese equity market is not really overpriced at all."

Japanese securities companies are never at a loss to explain the apparently high ra[illegible]g of their domestic equity market, but they are resorting to rather more extravagant arguments these days to make their point. To the untrained eye the Tokyo market always looks expensive; but, at the moment, it is being shunned even by the overseas fund manager with 20-20 Tokyo vision.

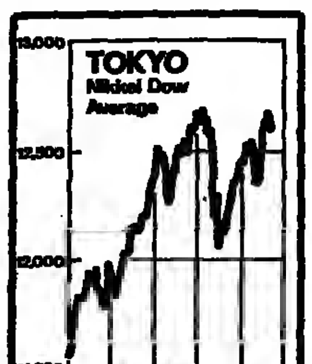
The securities companies, finding it hard to explain an average price/earnings multiple of almost 30 during a year in which corporate profits should grow at a positively European rate of 9 per cent or so, are falling back instead on the argument that stock prices substantially understate true asset values.

Mitsubishi Real Estate, Japan's largest property company, is a prime example. The shares trade in the market at around Y650, well above the book value of Y183. But if Mitsubishi's property portfolio, which includes a sizeable chunk of central Tokyo, is valued according to its market worth, analysts at Nomura Securities calculate—with alarming precision — that the net asset value rises to Y3,842. The theory is that if economic growth slows down, Japanese companies will generate exceptional profits by disposing of these assets at well above their book values.

Defensive arguments of this kind are quite the fashion in Tokyo. Analysts are recommending the purchase of oil and chemical stocks, on the ground that a stronged yen will reduce the local cost of raw materials; and also are waxing lyrical about utilities, the argument being that a slower U.S. economy will give Japan room to cut interest rates and so reduce the interest charges of heavily indebted companies.

Foreign investors are strangely unimpressed. They were steady sellers of Japanese equities in 1984 and have displayed only sporadic buying interest so far this year. The disenchantment springs in part from a sense of frustration and disillusionment with the Byzantine trading practices of the Tokyo market.

Whereas in the early 1980s overseas fund managers comfortably outperformed the leading market indices through their bias towards export-orientated blue chips, last year — through no fault of their own — they were left at the starting gate by the doubling of bank shares in the first quarter of the year. The sector's performance bore no rela[illegible] to the outlook for banking profits. The banks needed new equity to meet more stringent capital requirements and suggested that the securities companies promote their shares. Not many foreigners were invited to the party.



But there is more to the selling than sour grapes. The very arguments desployed to justify purchases of solid domestic companies have left the traditional foreign favourites — high growth, high technology companies with an export bias — looking overpriced. Even assuming that Japanese exporters skirt round the threatened tariff barriers with their customary agility, export earnings will be squeezed by a stronger yen and a weaker U.S. economy.

The glut in the semi-conductor market looks set to continue untill the end of the year, and the prospect of dramatic breakthroughs in the pharmaceutical industry looks a good deal less certain than once it did. In the last year, the blue-chip wonder-stocks have, not suprisingly, been mong the market's dullards.

Yet, the Tokyo market as a whole remains remarkably buoyant. This week, the widely followed Nikkei-Dow Average was trading within a whisker of its record high as companies began to report their results for the year to March. Trading activity is, admittedly, showing characteristics of a mature bull market — there is a strong following for highly speculative stocks — but this may reflect no more than a resurgence of buying among private investors.

The most common explanatioo for the health of the market is the exceptionally high level of investment liquidity. The corporate sector has moved into financial surplus, Japan's savings ratio remains stubbornly high, and the Government's net debt issuance will be lower this year than last.

The U.S. bill and bond markets provided an easy outlet for surplus funds late last year, but some Japanese institutions now are reaching prudential and statutory limits on their foreign currency investments. So they are taking profits and repatriating the proceeds. Maybe it is cash — and not those Mitsubishi assets — which is keeping the market moving.

John Makinson

New York

The numbers game

THE IS little Wall Street likes more than creating magic numbers, and it has built up a great deal of oiystique in the last 18 months around the figure of 1300. The Dow Jones Industrial Average almost made it lo that level way back on November 29 1983, and again on February 13 (what do the numerologists make of that?) and March 1 of this year. When the barrier finally fell this Monday, it went down with a crash, leaving the index up by almost 20 points at 1304.88.

The broader madket indices had been suggesting that the Dow would make it over the 1300 hump for some time, as they had traded near, or over, their record levels. The industrial average itself bad lagged behind, largely because the 30 stocks within it have a strong mix of the type of mature industrial companies that have laboured hard to make much financial progress since the middle of last year. By contrast, the Standard and Poor's 500 index, which bas been hovering at well over its own magic number of 180 for the past three weeks, has a strong cootingent of service-related companies.

An even better signal of the interest rate forces that bave pusbed the Dow to its present level has been coming from the Dow Jones Utilities Average, which hit a record of 164.75 last Friday, and has risen by 10 per cent since the beginning of the year against 7 per cent in the Industrial Average.

Analysts see the Utilities index as one of the most sensitive harometers of interest rate trends, mainly because ntility-type companies are beavily financed hy debt, and it bas certainly forecast the steady fall in rates thsi year: indeed, the index hit its high point on exactly the same day as the Federal Reserve Board announced lts discount rate reduction from 8 per cent to 7.50 per cent.

Given the Fed's action on the discount rate and the strong rally in the bond market—the discount rate is at its lowest level in seven years, and the yield on the Government long bond has fallen below 11 per cent—a quick leap in the industrial average was almost inevitable. But the equity rally fizzled out in very short order this week, with the market turning down again on Wednesday amid profit taking and some investor reflection on the medium term prospects for the market.

The conundrum facing investors is how far the underlying cause of the Fed's action on the discount rate—namely the sluggishness in the manufacturing sector of the economy—will be cured by the move. There is a strong contingency of bears on Wall Street who believe that a revival in profitability for vast swathes of U.S. industry depends on a much weaker dollar—yet to get the dollar down again by lowering rates yet further may require a retreat in consumer demand, or even a mini-recession.

Without plenty of people to put the opposite case on profits, the Dow Jones would not be where it is today, but there was a sombre gathering in New York this week which incessantly hammered bome the profitability problem in the old boilerhouse of American industry. Figures issued by the American Iron and Steel Institute at its annual conference showed that after the $6bn losses run up in 1982-83, the industry lost a further $290m last year, and is by no means certain of making money this year either, in the third year of the U.S. economic recovery.

Against this bleak short term profits picture, the optimists point to the longer term advantages of the restructuring flowing on through the tradition[al] sectors of the economy.

This trend has been much [in] evidence again this week. [In] the airline industry, [for] example, a sector which [has] been in constant turmoil fr[om] the effects of price and ro[ute] deregulation for the last th[ree] years, Mr Carl Icahn, the W[all] Street financier and sh[are] raider, made his expected mo[ve] on TWA with a proposed [...] cash bid of $18 a share whi[ch] values the company at aro[und] $600m.

Mr Icahn's interest in [the] international airline is said [to] be related to its strong ca[sh] flow or around $300m a ye[ar]. It certainly has very little to [do] with profits, which bave be[en] minimal recently, or dividen[ds], of which there have been [none] for several years, or even [its] 12-month trading range, do[wn] as low as $7⅞. But to [the] astonishment and evident d[is]belief of much of Wall Stre[et], Mr Icahn insists that be wa[nts] to run the airline—a n[ew] departure for the share raidi[ng] fraternity, which is not kno[wn] for its managerial talents, p[ar]ticularly in the fiercely-co[m]petitive, service - orient[ed] sectors.

MONDAY	1,304.88	+19
TUESDAY	1,309.70	+ 4
WEDNESDAY	1,303.76	— 5
THURSDAY	1,296.71	— 7

Terry Dodswor[th]

Mining

End of a dream

THE MINING industry this week remained steadfast in its refusal to turn up its toes in compliance with the many recent forecasts of its imminent demise. For some, bowever, it proved a bit of a struggle, and some fancy footwork was needed to stave off the worst effects of the past few years of hard times.

Most of the week's news concerned stories of the figbt for survival among mining companies great and small, and perhaps the saddest story was that of Dr Richard Lister, chairman of Canada's Campbell Resources.

Just a year ago, in the quiet elegance of the Library Bar of Toronto's Royal York Hotel, Dick Lister was explaining to me his dream of using his company'a copper-gold operations in Quebec's remote Cbibougamau area as the foundation of a big new gold-based natural resources group to rank among the leaders of the Canadian industry.

Everything since then has been targeted towards the achievement of this ambition, notably the links with Royex Gold Mining and International Corona Resources. The latter bas a substantial interest in the big gold mine Teck Corporation is hoping to bring into production this summer in the Hemlo area of north-western Ontario, while Royex has a number of potentially exciting gold prospects.

The problem for Campbell Resources was that the company has been losing money for some time, several of the projects needed further substantial injections of funds to bring them to fruition, and the big rewards from the Hemlo interest lay just too far off in the future for comfort.

This week, Dr Lister faced np to these realities and announced that Campbell was severing all connections with Royex and Corona, including interlocking directorships between the companies, in return for C$25.65m.

The series of deals marks the end of Dick Lester's dream, leaving Campbell effectively with just its Chibougamau mines and a few exploration plays. The problem was principally one of timing, however, and he will no doubt be looking for other opportunities before long.

The Rio Tinto-Zinc group's Australian arm CRA was also concerned with survival, although here only a part of the organisation was threatened. The Cobar base metal mine in New South Wales has been at best a marginal venture for some years, and the position was not helped by what CRA saw as an unhelpful attitude on the part of both the trade unions and the state government.

A few weeks ago, the group reached agreement with its work force on a number of measures that should ensure greater efficiency of operation, and this week CRA announced it had also come to terms with the authorities.

This means that CRA will now go ahead with a A$7m programme to develop the lower levels of the mine—

Minerals and Resources Corporation (Minorco) made no mention of survival in its surprise announcement of the sale of a further sizable portion of its holding in Phibro-Salomon, the U.S. commodity broking and investment banking group. With a company of this size, and with the backing of South Africa's Anglo American Corporation / De Beers group, survival is hardly an issue.

Nevertheless, Minorco was, on its own admission, fac[ing] sharply lower profits in [the] year to June 30, and the ext[ra]ordinary gains it will der[ive] from this sale will clearly p[ut] a completely different co[m]plexion on the results.

The 10m Phibro-Salom[on] shares Minorco plans to se[ll], cutting its stake from 22 p[er] cent to 14.5 per cent, have [a] present gross market value [in] excess of $400m. While Minor[co] will not make anything li[ke] that from a sale in prese[nt] market conditions, the procee[ds] are expected to go a long w[ay] towards enabling the group [to] match last year's net profits [of] $217.1m.

Minorco justified the sale [of] this part of its portfolio [by] pointing to the dispari[ty] between the capital apprec[ia]tion on its holding, which [it] described as "very satisfa[c]tory," and the low rate [of] return ln terms of the gro[ss] casb yield from dividend[s], which has been only aroun[d] 1.4 per cent of the investmen[t's] market value.

Investors will want to kno[w] more about how the grou[p] plans to make use of its e[n]hanced liquidity in what it ca[lls] "attractive growth situation[s] both in new investment are[as] and through its existing maj[or] investments."

George Milling-Stanle[y]

British Telecom

Inertia could cost you up to £900

NEXT WEEK British Telecom shareholders will be receiving a bill through the post. They may lose as much as £900 if they treat it in the same way as all their other British Telecom bills—waiting for the final reminder.

The letter will contain an interim share certificate and a notice that you must pay the second instalment for the shares you bought last December by June 24. That will cost you 40p a share compared with tha 50p a share you paid the first time round.

So if you decide not to sell your BT shares, and were allocated 800 shares originally, you will have to raise £320. With 400 shares you will have to pay £160.

About a third of private investors, in their original applications, asked to be given vouchers with their shares which can be used to reduce their telephone bills. Those investors will be given one voucher worth £18 if they own 200 shares or more and a second £18 voucher if they own 400 shares or more, provided they pay the second instalment (or "call") and hold onto the shares until June 25.

They can sell their shares on June 25 or thereafter—only a day after paying the second call—and still be entitled to the vouchers which will be sent out in July. Bank managers have been approached by the Government and asked to treat sympathetically requests by investors for loans to finance their second call. The interest cost of the loan will certainly be less than the value of the vouchers.

Investors owning more than 600 shares will be entitled to one or two additional vouchers in December. So it may be worth holding on until then, although tha value of the vouchers (£18 or £36) is tiny compared with the stock market valne of your investment.

If you are trapped for cash and own more shares than the thresholds for extra vouchers (which stand at 200, 400, 600 and 800 shares), consider cashing in the surplus shares and paying the second call from the proceeds.

The other dates worth watching out for are the dividend dates. If you are still holding the shares in mid-July, you will be entitled to receive the first BT dividend to be paid out at the end of August.

The one-for-ten bonus share option, which was chosen by more than 60 per cent of private investors in their original applications, is proving by far the more lucrative in view of the stesdy rise in the BT share price since December. At Thursday's stock market price of 155p, each bonus share is worth 235p. Thus if you own 800 shares, the valua of bonus shares will be about £188.

However, you have to wait until the end of November 1987 to receive the bonus shares. By then BT shares may have fallen back sharply because of fears of a future Labour government committed to re-nationalisation. So if you prefer to avoid the risk and take your profits now, you can sell your shares at any stage over the next three weeks without paying the second call.

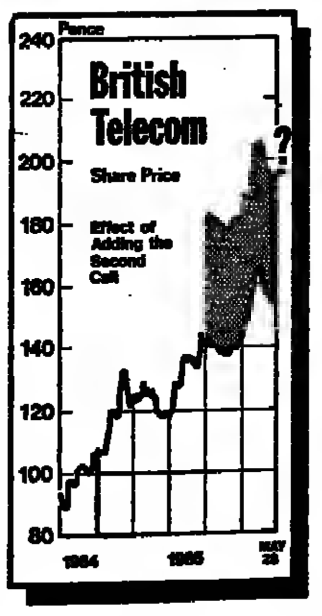
The procedure however differs slightly from the norm. From Tuesday the BT share price will be quoted to include the 40p second call. So the price will appear to shoot up by about 40p first thing Tuesday morning (see graph).

When you call a stockbroker to sell your shares, he will ask you to send him the interim certificate you should receive next week. This replaces the letter of allotment which until now has been the proof of your ownership of BT shares. Ha will also send you a share transfer form to complete and return at the same time.

You will receive the proceeds of the sale on the settlement day which, for the next three weeks, will be on June 24. Your stockbroker will ensure that the second call on your shares is paid on that date and will deduct the amount from your sale proceeds.

But whatever you decide to do, don't do nothing. If you hold your shares but fail to pay the second call, the Government has the right to cancel your shares and return to you no more than your original investment of 50p per share. Thst means you could lose profits worth 100p to 110p per ahare, or as much as £900 on a holding of 800 shares.

Clive Wolman



Expatriates

Get-up-and-go checklist

GONE ARE the days when you could just get up and go. Today's expatriate needs to plan carefully before going overseas, especially if he or she wants to make full use of the coveted non-resident tax status. Here is a checklist of things to consider.

1—Check your contract for details of working hours, responsibility, and perks.

2—Remember the tax rules—to count as non-resident for UK tax purposes, you must be in full-time employment overseas for at least one full tax year. Visits to the UK must not exceed six months in any one tax year, or three months per tax year when averaged over four consecutive years. Non-residents do not pay UK income tax on non-UK income and are exempt from capital gains tax.

If you do not meet these requirements, you may qualify for full tax relief on overseas earnings only, provided the period of overseas employment exceeds 365 days (irrespective of tax year), and return visits to the UK do not exceed 62 consecutive days or one-sixth of the total number of days in an "overseas-UK-overseas" sandwich.

The Inland Revenue guidelines on residence and non-residence are set out in booklet IR20.

3—Tax rebates are available if you have been on PAYE during the year of departure. You will need to submit form P85 plus evidence that you will be employed overseas for at least a year (a copy of your contract will do) to establish provisional non-resident status.

4—Time your departure to your advantage—you can use your full income tax allowance (£3,455 for a married man) for the year of departure, so depending on how soon after April 6 you leave, you may not need to pay any income tax for that year.

5—Defer realisation of capital gains until you are non-resident unless they come within the personal allowance or can be offset against losses.

6—Check on the tax regime and exchange controls in the country you are moving to. In countries such as Zambia, where high tax rates prevail, many companies choose to pay their employees a local wage to cover living expenses while paying the bulk of the salary into an offshore account.

7—Bank accounts—give your bank a couple of months' warning so they can arrange a new bank account with a branch or correspondent bank in your country or destination.

Yon will probably still need a current account, preferably a high interest cheque account, to pay regular bills such as insurance premiums. However deposit and high interest cheque accounts should be transferred to an offshore branch where interest is paid gross as opposed to net of composite rate tax.

Composite rate tax can be reclaimed from a UK bank deposit if the depositor signs a non-resident declaration. However, the snag here is that all the interest arising during the year of return to the UK is taxed, and on a preceding year basis.

8—Avoid joint accounts because if one partner loses his/her non-resident status, half the interest will be taxed even if the account itself is offshore. Better, instead, to use separate accounts or put the account in working partner's name on a joint signatory basis.

9—Close the building society account—tax deducted at source is not reclaimable by non-residents although this year's Budget introduced proposals to change this arrangement in April 1986.

10—Insurance policies need to be carefully examined to see whether there are any restrictions on residence abroad. For example, some house contents policies may not cover houses left vacant for several weeks or occupied by someone other than the owner, so you may need to change your policy or pay higher premiums for full cover.

Check what life and medical cover your employer provides already—you may need to take out your own policies.

11—Insure against early return—early repatriation (whether through ill-health or a sudden deterioration in the political climate) could jeopardise your non-resident status and land you with an unpleasant tax bill from the revenue.

12—Review your investments, bearing in mind that UK-source income is taxed. There is no need to fight shy of low- or nil-yield authorised unit trusts if these seem to be a good investment although many expatriates prefer to invest in their offshore counterparts. However, investors should be especially careful about offshore funds when they return to the UK or their tax burden could be greater than if they had kept to onshore funds in the first place.

13 — Exempt gilts — non-residents should apply for gross payment of exempt stocks by writing to the Inspector of Foreign Dividends, Lynwood Road, Thames Ditton, Surrey KT7 0DP. Stocks and bonds on the National Savings Register also pay gross.

14—National Insurance Contributions—special rules govern those working in the EEC, but usually in other countries there is an obligation to continue paying Class 1 contributions for the first 12 months of overseas employment if employed by a UK employer, and thereafter to pay Class II or III. If you are working for an overseas employer, you can pay Class II or III right from the start. Further details are available from the DHSS Overseas Branch, Newcastle-upon-Tyne NE98 1YX.

15—Property—don't forget to inform the mortgagee if your property is to be let or left vacant.

16—Make a will—sorry to end on a gloomy note —it's essential to make a will and leave one copy in the UK with your bank or solicitor, and another copy in the country where you are working.

Sara Webb

New products

Unit trusts reorganised

COUNTY BANK'S launch of a new Global Income Trust marks the group's re-emergence into the limelight after a reorganisation of its unit trust operations.

County Bank is the merchant banking subsidiary of NatWest, and it runs all the funds formerly sold under the National Westminster name. But it has had to do some hard thinking about the range of funds and services it offers.

It is about to merge its Portfolio and Income unit trusts to form a aingle fund, County Bank Income and Growth. And it plans to split the Japan and Pacific Growth fund into two trusts with distinct geographic investment targets.

The new Global Income fund will be invested mainly in the UK and the U.S., with a target yield of 7 per cent. It will invest in fixed interest securities such as gilts, as well as shares, unlike the M&G International Income fund launched two weeks ago, which invests only in equities and in loan stocks convertible into equity.

The County Bank units are priced initially at 50p, with a discount of 2 per cent until June 14. Minimum investment is £500.

If you wanted to invest in any of the other County Bank funds, your timing could still be good. During its reshuffle the bank moved the prices of all its unit trusts onto "bid basis."

Under the regulations for calculating unit trust prices, the spread between buying and selling prices can be as much as 13 per cent. Most fund managers deal, however, on a spread of around 6½ per cent, but they can move this price spread to either end of the 13 per cent spectrum.

If they are selling more units than they are having to buy back from investors, they can afford to put their prices at the top end of the range—"offer basis."

But if investors are cashing in a lot of units, the managers may protect themselves by moving to the lower end of the price spectrum, known as "bid basis."

If you invest in a fund that is priced on bid basis, your units could rise by 6½ per cent in price if it moves onto offer basis, even without any gains in the underlying shares.

County Bank's Gilt Strategy, Extra Income and Income funds have moved back some of the way towards offer basis, but the other County Bank funds remain on bid basis.

A MANAGED fund for tax-sheltered investments under the Business Expansion Scheme was launched this week by Granville and Co (of 27-28 Lovat Lane, London EC3). The fund will close when subscriptions reach £2m and, in any case, by July 15.

The fund is to invest in a spread of perhaps seven or eight unquoted companies across different industries, including some start-ups. This fund will be tha third BES fund to be managed by Granville. The first, set np in tax year 1983-84, invested in seven companies. Five hava achieved modest but unspectacular progress and only two have suffered losses or financial difficulties.

That sort of performance is, however, sufficient to give higher rate taxpayers a substantial return over five years, because they can offset their entire investment (up to £40,000) against their top rate of tax. Granvilla is best known for its over-the-counter markat in unquoted company shares, which will probably be available to investors wishing to sell their stakes after five years.

Investors will be charged a 5 per cent antry fee. But the prospectus does not state how mnch Granville will be asking from the fund's target companies, money which is ultimately paid also by the investors.

THIS WEEK saw tha first issue of a glossy colour monthly magazine aimed at unit trust investors and their advisers. Unit Trust Management, on sale for £1.50, is produced by writers for Money Management, a more general magazine for financial advisers. Both are published by Financial Times Business Information, Greystoke Place, Fetter Lane, London EC4.

Of particular interest to unit-holders are the sections surveying new unit trusts and detailing the investment performance records of all tha 740 or so unit trusts now available. Each month, there is also a detailed analysis of one particular fund and a case study of an investor.

CS INVESTMENTS is launching CS Portfolio Investment Fund, its second unit trust. It is intended to giva some of the features of private portfolio management for investors with £10,000 to £30,000, with quarterly investment reports. Minimum investment is £7,500, with an annual charge of 1.2 per cent. CS says it shonld be the only unit trust you will ever need.

CS is an independent fund management group formed in 1983 by refugees from the Gartmore unit trust and investment trust group. It has £300m in funds under management.

Smith and Williamson, chartered accountants, is also launching its second unit trust. S. & W. Smaller Securities Trust will specialise in UK smaller companies.

AN OFFSHORE unit trust investing in Japanese smaller companies, including unquoted ones, has been launched this week by the Hong Kong subsidiary of Hambros bank.

Tha Hambro - Pacific Japanese Enterprise fund, which is listed on tha Hong Kong Stock Exchange and is expected to gain offshore distributor status for UK tax purposes, will invest in companies engaged particularly in new product development and requiring large capital injections.

Investors' tales

Lessons in caution

CAUTION DOES not always come with age. Frank Bingham is 80, and a retired bank manager to boot, but he has still found himself lured into the mercurial world of traded options and commodities.

Bingham, who has been running a pub in Herefordshire for the last 15 years, has a collection of investments in solid, well-known companies—shares like RTZ, Grand Met, Lonrho. Last year he joined a syndicate run by Prescot Commodities, investing in financial futures.

But when Prescot approached him in January this year with the idea of investing in commodities on his own account, hewas receptive. "I thought I'd have a gamble," he says.

Prescot suggested selling sugar short, because it looked as though the price of sugar was bound to fall. Bingham posted off a cheque for £700, the minimum required in money up front.

On January 18, he sold a contract to deliver 50 tonnes of raw sugar in March. The price was $119.60 a tonne.

Four days later, the price had moved so sharply against him that stop-loss procedures came into effect. With the price at $125.40 a tonne, his contract was closed, for a loss of $290. He also had to pay $130 commission.

On January 23, Bingham had one more sally, again selling sugar short. This time the market turned even more quickly against him, and his contract was closed the very same day. This time, the loss was $210.

Bingham quickly learnt that commission in the commodities business is charged on the underlying valne of the contract you buy or sell, not on the money you put up towards it.

And he found that quick moves in price can rapidly wipe out your commodity investment even if the long-term trend is in your favour, unless you have pockets deep enough to keep doubling up yonr money.

Bingham had a go at the traded options market, too, through stockbrokers Vickers da Costa, but lost as much money thare as he did on commodities.

"I have not heard of anybody who has mada any money out of these sort of gambles, which is what they are," he says.

He has now had a taste, and will not by trying his hand again at commodities. "I should have been old enough to know," he says.

George Graham

Finance and the female

When women don't know their rights

OVER THE past few years, there has been a great deal of lobbying to get sex discrimination out of the tax system and the reform proposals outlined in March's Budget amounts to an importat response.

According to the Chancellor, the proposals outlined would mean that overy person was treated as an individual for tax purposes, and the married couple syndrome would disappear completely. Married couples would no longer be lumped together automatically for tax payments as thoy are now.

While waiting for the Green Paper to come to fruition, however, there is still the present to consider. And I have discovered that many of my clients are not really sure of tho tax laws of *today*, let alone what is going to happen tomorrow.

Recently I was introduced to a new female client who bas been married for 25 years, during which she had accumulated £15,000 in varying building society accounts. She bad *not* told her busband since she felt the money had nothing to do with him. She believed that because her earnings were small and she was not a taxpayer, her income from investments would not be taxable, either. She had also been told that any tax payable on building society interest would be deducted at source, so keeplng the taxman happy.

The flaw in this was that her husband was earning £40,000 a year. I explained that additional tax would be paysble on the building society Interest, because all investment income was added automatically to s husband's tax bill; and if he paid higher rates of tax, then any investment income would also be liable to tax at the highest rate he paid, not just ot tho composite rate deducted by the building society. But she refused flatly to believe that it made no difference whether the capital belonged to her or him.

This example is one of many similar cases I have met over the years. At best, it can mean that women are not making the most of their money. At worst, it can mean they are breaking the law, albeit unwittingly.

On the other side of the coin, I had another client wbose hushand's company went bankrupt. The wife bailed him out and they were left with £50,000, a tiny cottage and a large mortgage, but they were caught in a financial trap.

They were not cntitled to unemployment benefit because the husband had, owing to his business difficulties, paid too little nstional Insurance during the relevant period. The wife did not work at all. They were also not entitled to supplementary benefit because they had too much capital, and since the husband was under 65 and the wife considerably younger, they were not entitled to the state pension. Their only source of income was from investments and, their solicitor suggested that the wbole amount abould be invested in building societies. And that is wbere It has been for the past 12 months as a "safe" home for their money.

Tbo wife was making all the arrangements, since it was ber money, but she had no idea sbe was entitled to the married man's tax allowance, enabling the couple betweon them to receive an income (from whatever source) of £3,455 a year before paying any tax. By putting all tbeir money in building societies they lost the advantage of tbe allowance completely since the tax was deductod at source and was oot reclaimable. Yet, no one had polnted out to her that the allowance was available.

These arc just two of many examples of married women who, even today, have not been encouraged to speak to tax inspectors and other financial sdvisers. But it is important to sce thst detailed advice is obtained on oll types of investments and tbeir tax implications. Quite often, the investment which looks the most straigbtforward aod suitshle—such as a building society or bank deposit—can often be the reverse, as a consequenco of its tax treatment.

Liz McDonnell

● *Liz McDonnell is o speciolist financial adviser.*

Investment charges

Trusts that save you money

WHEN YOU make a long-term investment in the stock market through a managed fund whicb spreads your risk across a range of shares, you can fork out in charges anything from 8 to 22 per cent of the money you invest.

An article on these pages last week compared the charges on the unit-linked maximum investment plans managed by insurance companies with those on unit trusts. The unit-linked charges on a 20-year policy come to about 22 per cent of the money invested and, on policies taken ont since the 1984 Budget, the consolation of tax relief on the premiums is no longer available.

Unit trust charges are substantially lower. But even they, on a 20-year investment, typically come to 12 to 15 per cent of the money invested.

The best deal of all is offered by investment trusts. The annual management charges of a general investment trust are normally in the range of 0.2 to 0.5 per cent of assets under management.

By contrast, the cbarges of a general unit trust are normally between 0.5 and 0.75 per cent. The specialist funds investing in specific overseas markets usually charge more.

Investment trust assets are spread across a wide range of equities in the UK and overseas and managed on a similar basis to unit trusts. The most important difference is the way in whicb you buy and sell a stake in them. With unit trusts, you buy (and sell) units from the managers at a price which is linked by a standard formula to the value of tbe underlying assets.

But shares in Investment trusts are bought and sold througb the stock market at prices which deviate substantially from the value of the *underlying assets in the funds.* At present, the prices of investment trust sbares stand generally at discounts of about 25 per cent to the value of the underlying assets.

This means that you will receive a higher income yield from your investment in an investment trust than from the same assets held througb a unit trust.

You could also mark up an additional capital gain if the discount nsrrows—but tbe converse is also true. If the discount widens, you will suffer a capital loss.

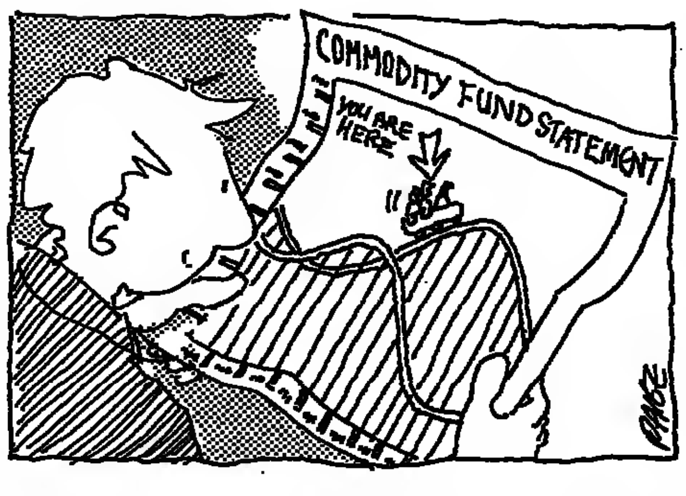
The costs of buying and selling investment trust shares are the same as the costs of dealing in any other shares on the atock market and comprise stockbrokers' commission, jobbers' turn and stamp duty.

Provided you buy more than £600 worth of sbares in a falrly well-traded trust, the buying and selling charges should not exceed 5 per cent of your investment. By contrast, the entry and exist charges for a unit trust are *typically 6 per cent—and in* some circumstances can rise to a maximum of about 13 per cent.

Clive Wolman

Commodities

The risks and rewards of direct investment



"IF YOU ever feol inclined to make a direct investment in commodities, go and lie on a hot beach until the foeling goes away. The statistical likelihood of losing your shirt is too high and you are much better advised to pick a managed commodity fund."

That is the recommendation of stockbrokers Capel-Curo Myers, and it is endorsed even by many commodity brokers.

But choosing a fund to fit *your own aims* can be perilous—they range widely in investment policy and io degree of risk.

At one end of the spectrum you could cboose an authorised unit trust. Because UK law prohibits them from investing directly in commodities, these funds can only buy the sbares of commodity companies — producers, traders or processors.

At the other extreme there arc offshore funds investing in the commodity futures markets, often on the basis of a computerised trading programme.

They will rarely risk more than half tbeir fund on tbe futures markets at once, keeping their reserves in bank deposils. But their performance is still likely to be more bumpy than that of a trust iovesting in commodity company shares.

They may still be attractive to investors who want the chance of spectacular gains, even if these are followed by equally spectacular losses.

One investor in tbe Invicta Gilt Edged and Financial Futures Fund, for instance, *complained to the managers*, Cater Allen, that the fund was porforming like a stodgy gilts fund, not a highflying futures fund. He knew the risks, says Cater Allen's Mike Lawrenco and wanted to see his investment *gaining—or losing*—50 per cent in a year.

The factors which multiply tbe effects of good investment choices also multiply the effects of bad:

● **Gearing.** This is the singlo higgest lure of the commodity futures markets. When a fund, or an individual, buys say, cocoa futures, it has only to pay a small proportion of the money upfront, not the value of the entire load of cocoa.

If you put up only a tenth of the value, then a 10 per cent rise in the price of cocoa will double your money. The other side of the coin is that a 10 por cent drop means you loso every penny.

Even a fairly cautious fund could easily have as mucb as five times the value of its investors' money riding on various futures contracts. Tbe rewards, and the risks, can be high.

● **Market volatility.** Commodity traders make their money on moving markets—it doesn't matter whether they move up or down. In a falling market they can sell short: *that* is, sell commodities that they do not possess in the expectation that *they will* be able *to buy* back their commitment later wben the prico has fallen.

But althougb tho commodity markets have a reputation for volatility, there are long periods when they do not move much in either direction.

● **Currency movements.** Most commodities are priced In dollars, so the UK investor can find that most of the change in the value of his investment comes from the change in the relationship of the dollar to sterling, not from the commodity price itself.

Tim Ireton of Anderson Man, which runs last year's best performing fund, Mint, says that tho currency risk to the investor is partially offset by two factors.

First, many funds actively trade currencies to balance their currency commitments. Second, it is just wben the dollar is weaker that dollar commodity prices are likely to rise. Tbns, a fund's investment performance may offset losses on the currency front.

But this did not prevent Mint, which follows a computer trading programme, from suffering a loss of nearly a quarter of Its value earlier *this* year when the dollar fell against sterling.

In the middle of the spectrum, between the authorised unit trusts and the pure futures funds, there are hybrids which aim to secure the benefits of futures investmont while reducing its risks.

The Old Court Commodity fund run by N. M. Rothschild, tho largest fund in the sector, invests *a part of its portfolio* In commodity company sbares like an authorisod unit trust.

With the rest it invests directly in commodities, but it denies itself the benefits or perils of gearing. Whon it buys a commodity, it sets aside on deposit money equal to the full underlying investment.

The returns are lower in proportion to the amount of money the fund has at stake, but the risks are also lower.

Rothschilds also refuses to sell short. It thus limits its profit potential whon markets are falling.

Rothschilds *executive director* Graham Barker says, bowever, that it is very rare for all markets to be falling at once. And if basic commodity prices are dropping, the best defence is often to buy sbares in commodlty processing companies, he says.

The County Bank Natural Resources Fund, launcbed this *week, resembles* the Old Court fund in its mixture of shares and direct commodities, and in its rejection of gearing. But it does allow manager David Prain, who has just moved from Rothschilds to sell commodities short.

Despito the change in this year's Budget, allowing commodity trading profits to be treatod as capital gains Instead of income, it is still difficult for the UK investor to escape paying income tax at his highest rate on any commodity profits he makes in these funds.

With an offshore roll-up fund, *such as* Mint or Sabre, the investor is liable to income tax on all profits—whether they were earned as interest or through movements in the value of commodities—although only wben bo cashes in his investment.

HOW THE FUNDS HAVE PERFORMED

	Return per year over 5 years %	Return per year over 1 year %
Gartmore Commodity	16.9	−2.7
Target Commodity	15.1	−5.4
S&P Commodity	11.3	−4.2
Old Court Commodity	10.1	4.3
Tyndall Guardian	25.6	32.3
Winchester Diversified	20.8	47.5
Mint	—	34.3
Sabre	—	30.7

A distributor fund, such as Old Court or the new County Bank fund, must hand out a large proportion of its profits as an annual dividend, though the investor need pay only capital gains tax on the remaining profits wben he withdraws.

Old Court distributes all its commodity profits, as well as interest payments and some of its share profits. County Bank will distribute only half the commodity profits, *leaving* the rest to accumulate within the fund.

The wealthy UK investor would in many cases be better off joining a syndicate, where profits from changes in commodity values can be treated as capital gains for tax purposes.

But the minimum investment required is much larger, between about £10,000 and £50,000 and will preclude many medium-sized investors. For even commodity brokers urge that you should in no circumstances have more than 10 per cent of your overall investment portfolio in commodities. And a syndicate Is unlikely to be large enough to spread its risks as widely as a public fund.

George Graham

Home banking

Cheques and balances

THE IDEA of home banking is seductive, no question about it. Witness those commercials with Frank Bough sitting happily in his drawing room in front of a sleek terminal attached to his TV. An end to dog-eared cheque stubs; ne more balances that don't balance; your bills paid at the touch of a button. Who has not been intrigued, even tempted?

After testing the Nottingham Building Society's pioneering Homelink service for 100 days, I have to report that things — in the Lascelles household at least — dn not match up to Mr Bough'a well-ordered world.

Picture the seeoe. It is 9.30 pm. I have spent five minutes getting out my heme banking terminal, connecting it to the mains, the TV set and the telephona socket. I am surroundcd by wires — which is tn ba expected In the electronic age — but also by piles of necessary papers, which is not. But I am ready to go.

I press the dialing button on the terminal. The machina automatically connects me to Prestel whose logo scrolls out on tha screen. I punch in my subscriber number (10 digits) and my personal code number (four digits). Now Inside the system, I tap out a 10 digit number that connects me to Homelink, and . . . Well anyway, after 47 digits I am at the point whare I can pay a bill.

This part is good. I have eight pre-arraoged payees (electricity, gas, credit card account etc) and I enter nn the screen how much to pay one of them, and when. The trouble is that if I want to pay several bills, which I usually do, or check how much is left in my account, I must quit the system and press another 25 digits nr so to gat back In again because it allows only nne transaction at a tima in order to frustrate crooks.

The upshot is that I spend half an hour pressing buttons and picking my way through a maze of Prestel frames which can be slow. And at the end of it all, I am urged by Homelink to keep a written log of my transactions, just in case.

Is it, I have to ask myself, werth it when I could have written a dozen cheques in that time?

Much of the laboriousness is fer good reason. There are three security barriers to cross before I can tap my account. And the plodding feel of the service is due not so much to Homelink as Prestel whose patchy standards are, one suspects, sometimes an embarrassment to the Nottingham people (though I gather many of the hiccups I suffered were caused by a majer works at Prestel in February/March).

The back-up service given by Homelink is also first class. You can leave them an electronic message and it gets acted on in hours. One Saturday afternoon after a thwarted attempt to see my statement, the telephoee rang and to my astonishment it was a young lady from Nottingham saying the computer bad spotted my problem and could she help?

But I'm not a convert. Nn matter bow good home banking is, it cannnt perfnrm two nf banking's classic basic services: supply cash and write eut a cheque. Yeu can ask Hnmelink to send out a cheqne, but it requires written confirmation.

Cost is a facter. For the quarter, It amounted to a Prestel bill nf £13 (though I go the wbole nf Prestel for that), a small telephone bill, plus whatever interesta I sacrificed by keeping about £4,000 in the NBS share account wben It could have been earning premium Interest elsewbere.

If you are still undecided, it might be worth waiting. Homelink plans to plug in extra services as times go by, Including a stockbroking link-up with Vlckers da Costa which will enable investors to get share recommeodations and place buy and sell orders via the screen —and debt nr credit their Homelink account.

David Lascelles

Put your pension to work

Clive Wolman introduces the first in a series on home loans

THE PENSION mortgage has become by far the most profitable way of financing the purchase of a home. The only major risk of such a scheme was eliminated in the Budget when the Chancellor abandoned his plans for curtailing the tax privileges ef pensions.

Few bome-buyers appreciate the advantages, however. Only about 2 per cent of mortgages are linked to pension plans at present. By contrast, endowment mortgages have accounted for about 60 per cent of new home loans over the past two years.

The selling practices of some building societies and mortgage brokers are partly to blame. They pocket large commissions by persuading clients to take out endowment mortgages, but earn nothing extra If a borrower takes out a mortgaga linked to a company pension scheme.

For most people, pension mortgages seem too convoluted a concept. After all, mortgages are supposad to be about borrowing money, whereas pensions are about saving It. So what's the point of a scbeme that requlres you to borrow with one hand and save with the othar?

Tha simplest and, before 1983, most popular fnrm of financing a bouse purchase was through a repayment mortgage. This requlres you to repay your capital gradually over the term of tha mortgage in addition to yonr monthly interest payments.

By contrast, with endowment and pension mortgages you pay Interest only on the loan during the mortgage term. To satisfy your bank or building society tbat you will be able to repay the capltal at tha end of the term, ynu normally bave to pay regular monthly sums Into a savings plan ovar the 25 or so years. A with-profits endowment lifa insurance pollcy fulfils this function and, simultaneously, provides life cover for the mortgagor.

A pension plan can do the same, though. You make regular contrlbutions from your earnings, and at age 60 (or 65) you can withdraw a tax-frea lump sum from the plan which should be more than enough to pay off tha mortgage.

A pension mortgage represeots a better deal than elther a repayment or endowment mortgage becausa of the tax position. First, with an interest-only mortgage you are receiving a Government subsidy througb Interest tax rellef at yonr top margioal rate througbout yonr mortgage term. With a repayment mortgage of £30,000 or less, your subsidy decreases the more capital you repay.

With a pension mortgage, instead of repaying the capital during the mortgage term you invest a similar amonnt nf money in a pension plan, offsetting it against your top marginal rate of tax. The returns from your investment are then rolled np tax-free within the pensinn fund — at present this means that yields are about 5 per cent per year more than from the equivalent taxed insurance fund.

As you bave no access to your penslon money until you reach 60, your mortgage term may bave to be extended beyond the standard 25 years. Lenders normally offer such an extension, and their lower age limit for pension mortgages is rarely mnre than 25.

If you use a pension mortgage, you should Increase your pension contributinns tn ensure that the value nf your pension is not rednced. The pension contribution llmits are normally between 15 and 20 per cent of earnings.

The largest nbstacle in the way nf a penssinn mnrtgage is finding a pension plan acceptable to your lender. If you are self-employed or in non-pensionable employment, you are entitled to take out a personal pension plan. Most bnilding societies have a list nf insurance company pension plans whicb they will accept automatically.

If you are already investing in a personal pension plan or an executive pension plan through your company, most building societies and banks will go along with your arrangements. You might have to Increase your contributions to ensure that, on conservative assumptions, the value of your pension will be large enough to allow for the repayment of the mortgage.

The real difficulties arise if you are in a company or public sector pension scheme. Sucb schemes do not mesb directly with bnilding society nr bank mertgages. Bnt there Is no legal restraint on using the benefits from a company scheme to pay off a mortgage —and most companies allow employees to increase the value of those benefits by making Additinnal Voluntary Contributions to tha pension scheme.

The Abbey National is one of the few building societies which will accept your occupational pension rights as sufficient evidence of an ability to repay the loan. It will not grant such mortgages on more than two-thirds the value of your bouse.

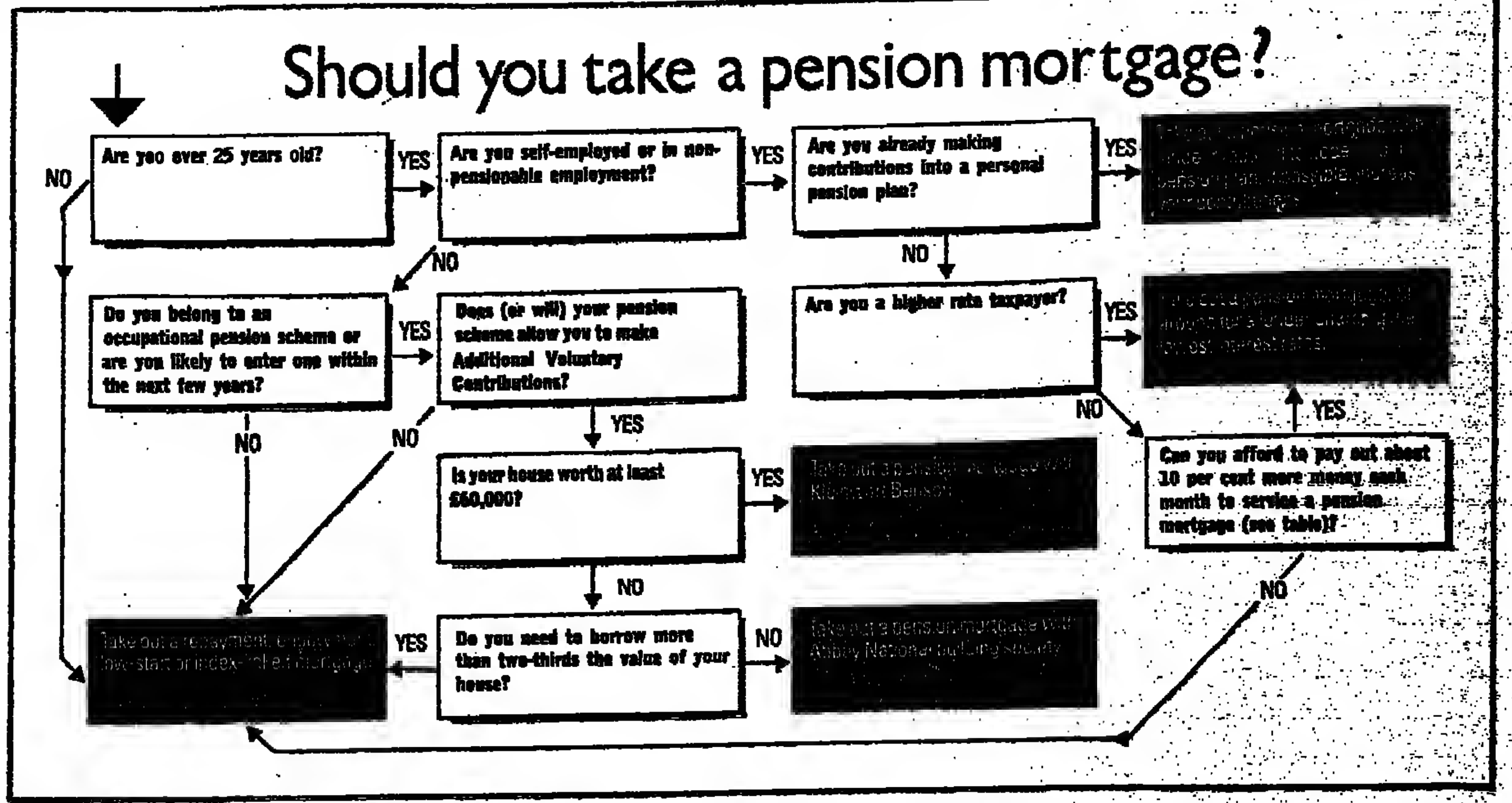
Perhaps the most flexible approach — at least, towards wealthier borrowers—has been shown by a newcomer to the mortgage market, the City merchant bank, Kleinwort Benson. It will lend only on properties worth at least £60,000. The amount borrowed must be either £30,000 exactly—the maximum amount nn which interest tax relief can be claimed—or between £40,000 and £200,000. The maximum mortgage is limited to 70 per cent of the valne of the house—or 90 per cent if you take out a mortgage guarantee (indemnity policy).

The present interest rate on all mortgages, inclnding those linked to pension plans, is only 13.75 per cent. The mortgage may be linked to a personal pension plan or to Additional Voluntary Contributions to a company scheme.

The table shows just how mnch more attractive a pension mortgage is for a higher rate taxpayer. His monthly outgoings are lower than for an endowment or repayment mortgage, while the pay-out at the end of the mortgage term is much higher.

Even for a basic rate taxpayer who is not strapped for cash, the pension mortgage represents unrivalled value. Although his monthly outgoings are slightly higher, he is ultimately compensated several times over.

The decision tree indicates whether or not you should apply for a pension mortgage and, if so, what type. If a pension mortgage is not suitable, the other types available are repayment, endowment, low-start and index-linked mortgages. These will be discused in more detail in future weeks.



COMPARISON OF THE COSTS AND BENEFITS OF THREE TYPES OF MORTGAGE

Mala non-smoker in non-pensionable emplnyment aged 35 takes out a £30,000 mortgage from Abbey National building society for a period nf 25 years.

MONTHLY OUTGOINGS AT 14.75 PER CENT INTEREST

If he is a basic rate taxpayer:

REPAYMENT	£	ENDOWMENT	£	PENSION	£
Interest/repayment	282.33	Interest	266.88	Interest	266.88
Life cover (term)	5.80	Premium	40.00	Contribution (net)	47.70
				Life cover (net)	5.11
Total	288.13	Total	306.88	Total	319.69

If be is a 50 per cent taxpayer:

REPAYMENT	£	ENDOWMENT	£	PENSION	£
Interest/repayment	230.23	Interest	190.63	Interest	190.63
Life cover (term)	5.80	Premium	40.00	Contribution (net)	34.07
				Life cover (net)	3.65
Total	236.03	Total	230.63	Tntal	228.35

SURPLUS CASH AT END OF MOTGAGE TERM (using Norwich Union with-profits policies):

	ENDOWMENT £	PENSION £
Surplns on current reversionary bonuses	4,944	86,911
Terminal bonus	16,099	52,208
Tntal surplus	21,043	139,119†

† Part of this amount may be taken as a tax-free lump sum, but tha rest must be used to fund a (taxable) annuity.

هكذا من التحول

Briefcase

After the ball is over. . .

The garden of my house adjoins a field which is owned by the local council. The field is part of the grounds of a school. Every evening and weekends boys from neighbouring houses play football on this field and quite frequently their football comes over the hedge into my garden. There are plenty of playing fields just across the road which they could legitimately use. Up to now I have always given them their ball back, but last week I called the police but the policeman gave them their ball back. They frequently break down the hedge—hawthorn—which has now become very thin in parts, and now I am concerned about trespassers. Have I got to give them their ball back? What can be done to stop them using this field? In fact what is the law about balls coming in to private gardens?

The invasion of your property by footballs is likely to constitute a common law nuisance. Although your normal remedy would be to obtain an injunction against the school, in a case in 1977 an injunction sought against a cricket club was refused; but that decision has since been criticised and probably would not be followed now. It might in any event be wiser to try to negotiate a compensation agreement with the school.

Doubt over management

We are residents of a block of flats where the superior landlord, not the freeholder, uses an associated company as managing agent. The managing agent company is identical in all but name to the superior landlord, yet a substantial management fee is demanded for their services. It would seem that this is not permissible except in *specifically prescribed* circumstances.

On the assumption that my interpretation is correct could you at least point us in the right direction as to where we would find the basis for this argument—eg a piece of leasehold reform legislation. Our association has taken legal advice on problems with the managing agent/superior landlord in the past but this facet has never been specifically *isolated*.

The main authority for the propositioo that the agent should be independent if he is to certify expenditure is in the decision of the Court of Appeal in *Finchbourne v Rodriguez*/1976/3AER 581. This does not necessarily mean that a simple managing agent cannot be a company with the same composition as the landlord company.

Under no obligation

As owner occupier of a low-lying (freehold) bungalow, I have been approached by the *developer of a nearby* residential estate. The suggestion is that his company inserts an additional culvert under the whole length of my land (some 120 yards but not under the bungalow) to convey extra surface water arising from the development. A much more expensive alternative would be to excavate a "B" class road for the culvert. The local authority and water authority claim no *responsibility in this matter*. Can I refuse to allow the development under my land and, if I do, who will be liable if flooding occurs? Who would be responsible for future maintenance of the new colvert if it runs under my land?

If I agree to the suggestion, could I *insist* on the developer: making good to my satisfaction; paying my legal expenses in drawing up agreements etc; payment of a sum for disturbance likely to arise?

What responsibilities do the local aothority and water authority have in these matters?

You are under no obligation at all to agree to the proposed culvert. If you do agree you can *insist* that it be on *terms* that require some one or more persons or people to maintain it and/or to pay for its maintenance. You could also insist on the matters which you list. The local and water authorities are not responsible. If you refuse permission that would not prevent the adjoining owners being liable *if* flooding occurred by reason of a changed use of the adjoining land.

Selling house

In November, 1977, I purchased a terraced house with the intention of letting it. The cost of the house was £3,500 and after expenses for estate agents, solicitors, furniture, etc., the final initial cost came to £4,550.

As I have now recently sold this house for £12,000, I would be most grateful if you would let me know what capital gains I will be expected to pay based on the fact that I have held this house for 7½ years.

I understand that capital gains are based on a formula relating to the retail price index initiated by the Chancellor of the Exchequer a few years ago.

If by "recently" you mean March (as the month in which you exchanged contracts for the sale, regardless of when the sale was completed), the answer is roughly as follows:

Proceeds	12,000
Costs (*excluding* furniture) say	4,000
	8,000
Indexation relief 16.8% of £4,000 =	672
Chargeable gain	7,328
Exempt amount (if unused)	5,600
CGT payable 1.12.85: 30% of	£1,728
	=£518.40

Negligence by solicitors

We bought our house on May 19 1983 and signed the contract on that date.

After half a year our solicitors sent the deeds to us. On inspecting these we were amazed to find it contained, *inter alia*, a covenant the existence of which we had no knowledge.

We understood the usual comprehensive search had been carried out by our solicitors. The *covenant* appears to be an agreement between the builders of our house and the local electricity board, a so called deed of grant, in favour of the board, which prohibits us to plant trees within six feet of an electric cable. By the time we received this document we had *already planted* trees. It appears from the plans that the cable is laid just *outside the border of our* plot in the private road.

We wrote to our solicitors *on February 12 1984* to protest and to ask for more details, which we received from him. On November 14 1984 we wrote again asking him to have the covenant cancelled. Besides an acknowledgement dated December 7 1984 we have not heard from the solicitors since.

Is our request to cancel the covenant a reasonable one and would it be likely to be acceded to?

We think that you may have a claim in negligence against your solicitors, since it is most unlikely that you can get the covenant released (although it *might* be modified). You *should* however first report them to the Law Society for not answering your last letter. Ultimately your problem will centre on the amount of damage caused by the negligence: this is likely to be nothing so far as the value of the house is concerned, but the cost of removing or replanting the trees may be a proper amount to require the solicitors to pay. You should consult *other solicitors* if you wish to pursue a claim.

Second time around

The gamble that didn't come

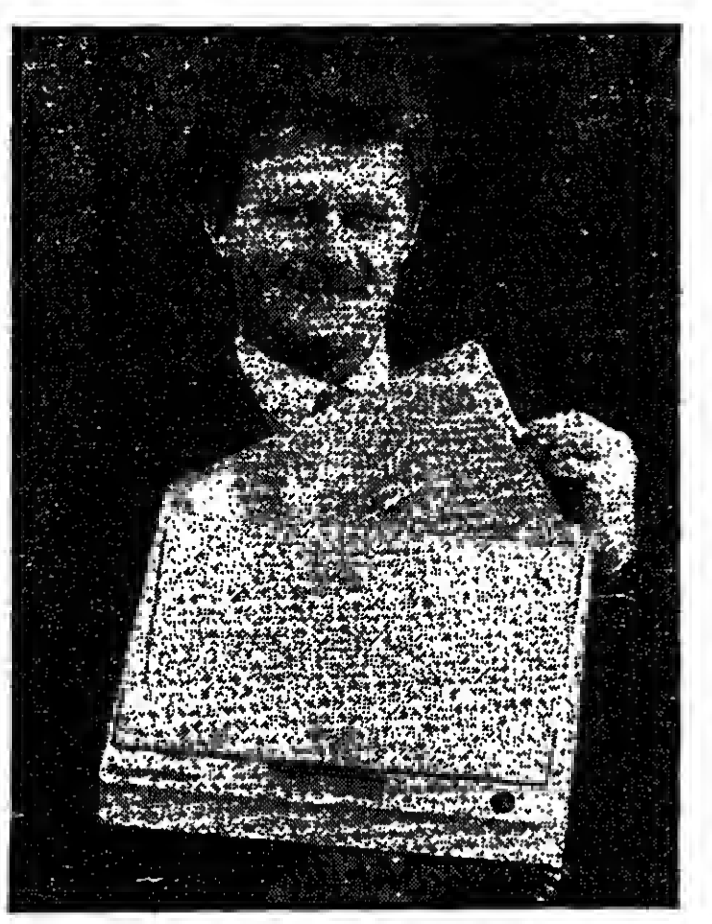
FOR HUGH WEBB the transformation took just two months. In July 1981 he was a well-paid North Sea oil engineer, and be expected to do similar jobs for the rest of his working life. The thought of goiog into business had not entered his head.

Eight weeks later be had given up a £22,000-a-year post to set up a company which he was ill-equipped to run and which for many months—perhaps years—would pay him nothing. He was a budding, but impoverished, entrepreneur.

The risks were enormous. His engineering background had helped him design the basic product he now intended to make and sell, but it had oot given him the know-bow to turn it into something people would want to buy.

Still less had be learned how to raise capital, bow to sell, how to manage cash flow or cope with any of the day-to-day problems of running a business.

Four years and a lot of hard work later, Webb's gamble has paid off. The company he heads, Executive Products, employs 17 people, and last financial year it recorded its first pre-tax profits—£17,000. This year it is heading for pre-tax profits of £60,000 on turnover of £600,000.



Hugh Webb . . . living off his wits

Webb, now 38, got the idea for his business almost by chance. In his job, inspecting the quality of welding on the construction of Chevron's Ninian Northern platform, he handled documeots from all over the world. He noticed they were not held together by any common method. "I had oo deep thoughts but I decided to have a look at some binding machines when I was next on shore," he says.

When be did so he identified a gap in the market for a cheap, easy-to-use machine for office use. He conceived an idea based oo the principle of applying heat to a dry adhesive attached to the inside spine of a documeot cover. The adhesive, when heated, welds pieces of paper firmly together.

By the time Webb left his job he had produced a prototype. What he did oot realise was that it would be well over a year before be could start selling the product.

"When I went on a small business course run by the London Enterprise Ageocy one of the tutors, a marketing executive on secondment from IBM, made me realise that although my machine did the job it was not suitable for offices. I had a clever engineers' machine with flashing lights and too many cootrol buttons. What it needed was simplicity and stylish design, so that it would look attractive."

To overcome the problem Webb hired an industrial engineer and together they perfected the machine be sells today. That process, however, aggravated his other major starting-up problem: finance.

He had accumulated little savings from his North Sea oil job. Most of the money to build and expand his company had to come from elsewbere.

In all, Webb needed three tranches of capital. Raising the secood and third, by selling a total of 50 per cent of the shares of the company, was relatively simple—by then, Executive Products was established. The first tranche—two loans totalling £16,000 from the Midland Bank under the Government's Loan Guarantee Scheme—was more difficult.

"When you start, you do not know how to make a preseotation to a potential backer," says Webb. "You doo't even know the right language to speak.

"At first the bank manager was negative. On my third visit I took the machine along, and that was the breakthrough. He eveo started suggesting clients of his who might find it useful."

By November 1982, 14 months after resigning from Chevron, Webb had moved out of bis makeshift workshop in the spare room of his Croydon, London, flat, into a 1,200 sq ft factory in nearby West Norwood. He was ready for bis next crucial test, the first sales drive.

To meet a deadline, he and his wife Lorraine stayed up all one Friday night so they could catch the Saturday post with 250 advertising brochures. At 10 o'clock the following Monday their efforts were rewarded: the company received its first order. Several more followed that day.

"I felt proud I had prodoced something that people actually wanted," says Webb. "I bad beeo working on the project for 14 months but when we made our first sale I was actually pleasantly surprised."

Six mooths later, press releases and trade paper advertising had helped boost sales to £6,000 a mooth. With the help of £30,000 he raised by selling 20 per cent of the shares able to to appoint his company's first two staff members other than bimself and his wife.

Nonetheless the company's future was by no means assured.

In April 1984 there was a major cash flow crisis. A company Webb had entrusted to send out publicity material failed to do so, and sales plummeted. "That was a tough moment," he says. "But really there was a constant danger of collapse throughout the first couple of years."

Today, however, Executive Products appears to bave achieved a more stable position. Sales to customers including Shell, Ferranti, the Stock Exchange aod the French Ministry of the Interior have reached around £50,000-£60,000 a mooth. Next month the company will move into premises three times the size of its present factory.

Webb says the company, now exporting about 20 per cent of its products, is worth around £350,000. He expects profits of £300,000, on turnover of £1.5m, in five years.

Has it been worth it? Webb says that if he had beeo able to forsee the problems be bas encountered, he probably would not bave given up his oil platforms career.

"I had much more leisure time then and I earned a lot more money, although that should change in a couple of years."

Nevertheless he is clearly glad be made the move. "This work is more satisfying. Before I was working for a large company I did not know. Now I have my own staff, I am living off my wits and I am hoping to have a compaoy worth £1m in three years time. I am also makiog my own product and for an engineer thet is a dream."

Mike Smith

Fresh ideas for Francophiles

IN SOME of the little villages well away from the turmoil of Nice and Cannes last week, locals were preparing for the season. Terraces of small pensions were being sluiced down, bistros and boutiques stocked, and the golden sands down at the sheltered coves raked free of seaweed.

At Theoule, off the main coast road, a blue and white sign reads in English: "This Being One of The Beauty Spots Of The World—Please requested to respect."

And through the village, at the tip of the red Esterel rocks above the sea, is La Bichonne, a sophisticated transformation of a simple rustic house. Highly polished teak has been used for floors, ceiling panels, window frames and shutters.

The package of villa, pool, lodge, boat-mooring and security radar-system is £1.2m. Promotion is through Lynette Lloyd, in association with Aylesfords, London (01-353 2383).

La Bichonne, transformed from a simple house to a £1.2m showpiece

Interest in South of France property has taken a sudden upward swing. Turnover looks like doubling this year. Most agents agree that the market over-reacted when the Socialists got in.

With stringent building controls, and a shortage of good-sized plots in prime positions, there is a limit to the amount of new building being undertaken.

Stuart Baldock, an Englishman working in association with Chestertons, of London, sells the innovatively designed houses on prime sites developed by Robert Dallas, a 42-year-old ex-stockbroker turned builder-architect. I looked at one for sale at the back of Tourette. (You turn right at the Bar du Midi and go up the unmade Privée.) It is a handsome stone house with massive studded door, mighty beams, and enormous fireplaces ducting heat through all the rooms. Around £250,000 buys this type of four-bedroom, four-bathroom villa, with a pool and dramatic views of the countryside.

A splendid five-bedroom, three-bathroom house with tennis court and pool, Le Grenier, in 4½ acres at Gordes, in an olive grove overlooking the Luberon Mountains, was built about two years ago by a London company, CPK Construction. Flat stones taken from old walls and barns were used for what CPK director Grenville Dean admits was a one-off operation — the site was available. The price is around £300,000. Details from CPK, 106, Fulham Road, SW3.

"Our clients are usually devoted Francophiles, aged between 40 and 45 years, successful British business people who can afford a quality second home, and the time to spend in it," says John Clapham of McCartney Estates.

McCartney Estates, 32, High Street, Odiham, Hants (025 671 3155), works in conjunction with Agence Exim in Cogolin. "Our involvement helps to overcome culture suspicion and the language barrier, and generally smooths the way through any complexities of buying."

Substantial, craftsman-built houses a little back from the coast are probably the best value, particularly those built in the 1950s and 1960s. Their owners are beginning to refurbish with the latest equipment and central heating, most have mains water and electricity, although the gas is bottled.

I looked at Villa Granada in Les Issambres, mid-way between Ste Maxime and St Raphael, about an hour's drive from Nice airport, on the slopes of the Massif des Maures, among oleanders, cypress and umbrella pine. The price is around £225,000, with local *taxes foncières* (rates) FFr 1,425 a year; a similar amount for the *taxe d'habitation*.

It makes sense to be near a village inhabited all the year round. The South of France can sometimes be a bit bleak in winter. Supplies, and a few friendly faces, come in handy.

In the tranquil, but well-occupied hamlet of Plan de la Tour, among the oak trees and mimosa near the vineyards, typical Provencal houses sell from £50,000 to £80,000 if well restored. What is really nothing more than a stone cabin, just under £10,000, could possibly be made into a novel holiday home by an enterprising buyer.

Prices are similar at La Garde Freinet, with old houses on three levels, needing complete renovation, from about £25,000. If you prefer to live on a development, La Mole is worth considering. Some fairly new villas with two bedrooms and good terraces are from £65,000.

McCartney Estates also run a search service for British, French, Far East and American clients, finding properties in other parts of France as well as in Britain. For 2 per cent of the purchase price they will view, negotiate, organise a survey and any renovation work, and look after the legal formalities.

● If you do not want to have to stay in to show your home to prospective buyers, an "Open House Day" can be arranged. This is quite common in California, where an "open house" notice is frequently seen on a front lawn. A professional real estate "minder" takes people round. Eric Paton and his wife will be leaving their house, Fenwycks, Camberley, Surrey, in the care of Guy Cussons of Carson and Company today. The late 1960s-built four-bedroom house with granny annexe is priced in excess of £178,000. Offers have to be made on Monday.

● If you need finance as well as information on houses over a weekend, then look for a Lloyds Bank with a Saturday service. This covers mortgage requirements and bridging loan applications as well as particulars of properties for sale through one of the Black Horse agencies. Gascoigne-Pees has just installed displays in ten branches of Lloyds Bank, from Wimbledon to Woking. In the Lloyds at Richmond you will find house details alongside leaflets for the local theatre, and instructions on how to use the outdoor cash-point. Gascoigne-Pees' office in 17 Sheen Road, Richmond, is open Sunday mornings, too.

● For budget-price legal work by a solicitor, Property Shop at Woolworth have just introduced sales conveyancing at £99 plus VAT. The same figure applies if you are buying, but you have to add land registry charges, stamp duty, and other disbursements.

The stores are open on Saturdays, but it remains to be seen how speedily one could get a solicitor to act. For details of which branches of Woolworths have "property shops," contact Keith Ward, managing director, Myson House, Railway Terrace, Rugby CV21 3HT.

June Field

BRIDGE

A SLAM hand from a team-of-four appealed to me, so I pass it on to you.

N
♠ A Q 5
♡ 7 6 3
◇ Q 9 6 2
♣ K J 7

W	E
♠ K 10 8 3	♠ J 9 7 6 2
♡ Q J 10 5	♡ K 9 8 4
◇ K 3	◇ 8
♣ 10 9 2	♣ 6 5 4

S
♠ 4
♡ A 2
◇ A J 10 7 5 4
♣ A Q 8 3

At game all South dealt and opened the bidding with one diamond. After a double raise from his partner, the opener said four clubs. North showed interest by bidding four spades, and South's six diamonds concluded the auction.

West's lead of the heart Queen, taken by the Ace, exposed a loser for which there was no immediate home, but the declarer decided to cross to the club King and run the diamond nine. West won, and another heart defeated the contract. North pointed out that declarer could have finessed the spade *Queen*, and discarded his loser on the Ace. This would have secured the contract, and allowed him the trump finesse for a possible overtrick.

What North said was true, but that is not the right line. Let us replay the hand. After winning the heart lead, we cross to the club King and lead the diamond Queen — it costs nothing to try, but no player in his right mind would cover. We play our Ace, hoping West has the King singleton, but no King appears. Then we take the spade finesse, the Queen holds, we throw our loser on the Ace, and we are home.

We have made an "echelon" play. Instead of relying on either a 50 per cent chance, we have combined two plays, increasing the odds in our favour. The chance of dropping the singleton King of trumps is 26 per cent. Therefore the *echelon* play is 63 per cent, which is far better.

E. P. C. Cotter

CHESS

VE DAY commemorative articles highlighted the political and social effects of the huge Russian and German manpower losses in World War Two. In that context there was a strikingly high survival rate among young Russian chessplayers.

Spassky and Korchnoi were children in Leningrad, but Spassky was evacuated to safety while Korchnoi survived the terrible siege; Smyslov, Bronstein and Boleslavsky were of military age, but all escaped serious combat duties.

When the post-war circuit got under way, the new Soviet school proved stronger than the mostly middle-aged Western grandmasters such as Euwe and Reshevsky. But it might have been different had the Nazis continued their chess promotion of 1940-3 when world champion Alekhine and his rival Keres competed in officially approved tournaments.

Though Alekhine won most of these events, the real feature was the rapid advance of the brilliantly gifted German, Klaus Junge.

White: Dr H. Lehmann. Black: K. Junge. Queen's Gambit (Rostock 1942).

1 P-Q4, P-Q4; 2 P-QB4, P-K3; 3 N-QB3, P-QB3; 4 N-B3, N-B3; 5 B-N5, PxP; 6 P-K4; 7 P-K5, P-KR3; 8 B-R4, P-N4; 9 NxKNP, PxN; 10 BxNP, QN-Q2. 11 Q-B3? B-QN2; 12 B-K2, R-KN1; 13 P-KR4, Q-N3; 14 PxN, P-B4; 15 P-Q5, P-N5; 16 BxP, PxN; 17 PxKP!? PxNP; 18 R-QN1, RxB!

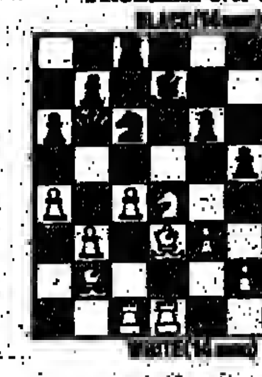
A well-timed counter. If instead BxQ? 19 PxP ch, K-Q1; 20 PxR-Q, or if 18 . . . PxP? 19 P-B7 mate.

19 PxN ch, K-Q1; 20 Q-B3, RxP; 21 RxP, Q-B2; 22 R1R3?

Better 22 R-K2, though R-N5! is still good for Black. Now Junge forces an unusual mate.

22 . . . R-N8 ch; 23 K-K2, B-N7; 24 R-KN3, B-B8 ch; 25 K-Q1, Q-Q3 ch; 26 R-Q2, QxR (N6)! 27 PxQ, B-Q6 mate.

PROBLEM No. 569



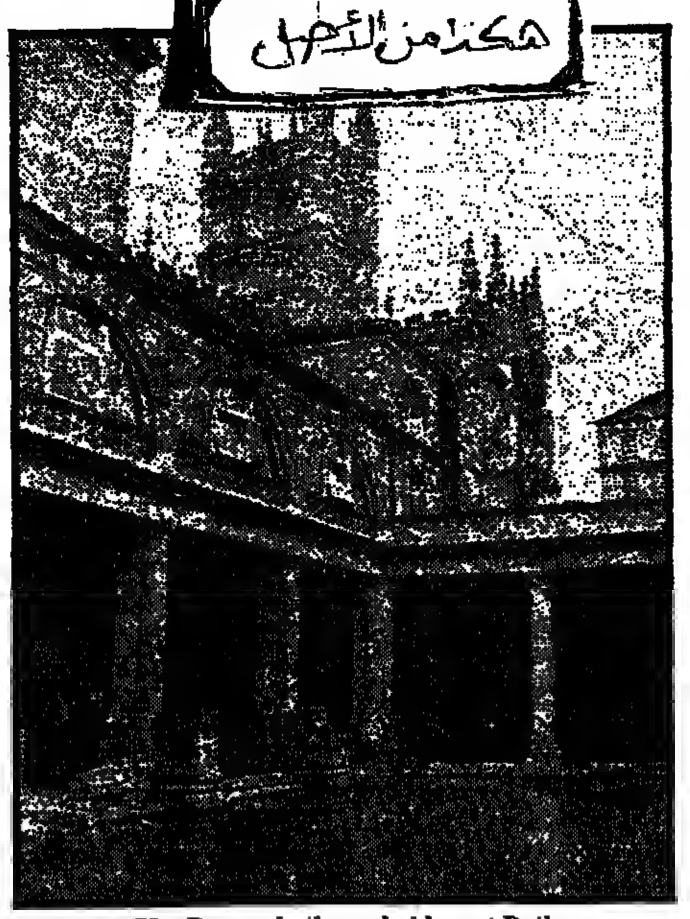
Pomar v. Larsen, Palma de Mallorca 1969. White played 1 B-B2 and the game was later drawn; but he has a forced win. Larsen, then a world title challenger, failed to see it, and even Bobby Fischer only worked it out with some difficulty. Can you do better?

Solution, Page XIV

Leonard Barden

RESIDENTIAL

Bath rejoins the world of spas



The Roman baths and abbey at Bath, now once again a spa

NICE people the Americans, but they have an unfortunate habit of messing about with the language. Take the word "spa." To most of us on this side of the Atlantic, and to most dictionaries on both sides, it means simply a place which has natural curative waters. A decade or so ago the word was hijacked in the U.S., or more accurately I suspect in California, and began to be used for any old health farm or club. More recently it has been degraded further to include domestic jacuzzis and their rivals.

I mention this only to warn the good people of Bath of the problems they face in marketing the fact that they are about to rejoin the league of the world's fully fledged spas. After a break when amoebic contamination in the city's invigorating spring supply interrupted normal services the tap is going on again and thus, complete with curative waters once more, Bath becomes a spa.

For Bath this is good news and bad. It may lift the city's self-respect and generate a whole new industry via the newly-planned health centre, but it is bound to produce even more tourist traffic. At least half-a-dozen international hotel chains have Bath on their shopping lists and I would doubt that, without major changes, the city can bear the strain.

Already there are depressing signs that the chain stores and, some say, local authority rating policies, have forced out of Bath many of the small businesses upon which the city relies for much of its character. Stroll down from the Assembly Rooms to the station and there is ample evidence and the change.

See it now before Gucci and St Laurent join Jaeger and Laura Ashley and turn Bath into one big West Country boutique designed for transatlantic visitors who do not really know what spa is anyway. See it this weekend before the full flood of tourists arrive. You might also taste the waters. My old granny believed there was no cure without pain. She would have thought the spring water of Bath very curative indeed.

It will take a great deal to destroy the gracious elegance of Bath. It owes this heritage to a peculiar association of fashionable good living and curative waters. The rival resorts of Harrogate, Buxton, Llandrindod Wells and Malvern have this mix to a degree, but not in such abundance.

Both Harrogate and Bath ceased to be curative spas a long time ago. The British flirted briefly with curative waters as a mass pastime in the Victorian era but have not clung to the concept with anything like the enthusiasm of the mainland Europeans. We tend to regard spas as pleasant places to use as a base for a holiday, rather than as a holiday.

There are times when you have to be something of a scientist to understand even what it is that the spas are offering. The Bulgarians lure visitors to their spas—notably the new hydro at Sandanski—with promises of "traditional and laser beam acupuncture, phytotherapy and phytohydrotherapy, magnetotherapy, extension therapy" and the prevention of premature ageing "by means of the Bulgarian gericaine preparation."

This is no joke. Mainland Europeans tend to take their spas much more seriously than we do. Putting aside the treatments which are genuinely medical there seems no doubt that the spas are effective in providing rejuvenation, temporary and modest perhaps, hut rejuvenation nonetheless. Most spas will take patients needing proper medical attention but many avoid the treatment of acute cases, certainly without contact with home doctors.

Given this medical background most of the spa resorts have moved considerably along the road of beauty and fitness. They are excellently equipped with swimming pools, tennis courts, riding stables and gymnasia, as well as miles and miles of marked out walks. The fact that the customers tend to be fairly well heeled tends to mean that the restaurants and accommodation facilities in spas are somewhat above average.

Most European countries boast a wide range of fully fledged spas. They range from the sophisticated elegance of Baden Baden and Aix les Bains to the mud-slapping sportif mood of Abano (excellent, I am assured, for gout) and the medically intense approach of some Eastern European centres.

What they all almost universally share is a superb scenic setting. Bath in the rolling hills of what I still call Somerset, Buxton high in tho Pennines or the mountain spas of Austria and Switzerland.

A minus, in my book, for many of the resorts is the presence of a casino, a facility which seems to be mandatory in some spas. There is a myth about casinos being fashionable places. I find them spooky, inhabited by the dreary and the boorish. The possible exceptions are the gambling palaces of Reno and Las Vegas which maka no pretence at elegance and are all the better for that.

Further information: The Good Bath Guide (Good City Guides, £2.95) is the hest tourist aid to the city.

A good central source for spa holidsys in Europe is Erna Low Consultants, 9 Reece Mews, London SW7 3HE. The French Government Tourist Office has published a new colour brochure, France—Tourism and Health, which can be obtained from the FGTO, 178 Piccadilly, London WIV OAL. Details of the Bnlgarian resorts can be obtained from the Bulgarian National Tourist Office.

Arthur Sandles

How to be in tune as a driver

THE HONDA Shuttle Estate squeezes a quart into a pint pot. At a fraction over 13 ft long, this development of the Civic is scarcely more than supermini-sized. But it offers five people the sort of head, leg and shoulder room expected of a large car.

A 12-valve, four-cylinder 1.5 litre engine is east-west mounted; it drives the front wheels through an excellent five-speed gearbox. At least, it does in the normal Shuttle; but the one I have just been driving was different. It had on-demand four-wheel drive. If the drive wheels start to slip on snow, sand or mud, all you do is press a button on the fascia and power goes through to the rear wheels, too. In 4WD only, there is a super low first gear—it can't be engaged in front wheel drive—which will take the Shuttle up slopes a more conventional car couldn't cope with.

It is not meant to be a proper cross-country vehicle: ground clearance is restricted. On an off-road expedition I left scars on both silencer and bumpers, though the Shuttle never even looked like getting stuck.

On the motorway it cruises at 70-75 mph with plenty of power in hand. In town, it parks nimbly, with average use 33 mpg is obtainable. The seating position is more upright than usual, which is why tall people can travel in the Shuttle with lots of head, leg and knee room. The windscreen is as big as a bay window, visibility is outstandingly good and the seats are really comfortable. At medium speeds on roughly textured roads there is quite a lot of tyre roar but this disappears on smooth motorways. Handling, cornering and driving position are what you would expect of a normal family car.

The electrically released tailgate opens on to a big load space, extended by folding the rear seat down. The Shuttle 4x4 would be marvellous transport to the ski slopes and I rate it one of the cleverest cars I have driven for a long time. At £6,495 it costs £600 more than the front-wheel drive Shuttle but it is £274 cheaper than its nearest rival, the Toyota Tercel Estate, which also has on-demand four-wheel drive.

CARS GO off tune with the passage of time—but do drivers? I took my Advanced Driving Test about 10 years ago. In the roughly quarter-million miles I have driven since then I have been pinched twice for speeding but done nothing to a car that warranted an insurance claim. But was I still as skilled a driver as I was in 1975—and would I still pass my Advanced Driving Test?

The Institute of Advanced Motorists allows voluntary re-tests. So, earlier this month, I presented myself at IAM's Chiswick headquarters and, with deputy chief examiner David Ovenden sitting alongsida, set off to discover if I had gone off tune as a driver.

An hour and a half and 35 miles later I was relieved to find that I hadn't, but I had no cause to feel big-headed about it. Like a dentist probing for decay, ex-police driving instructor Ovenden had discovered several weaknesses in my technique. Knowing he was right in his criticisms did not help. They hurt. But they made me aware of slack habits I had fallen into; I like to think my driving has improved as a result of my re-test.

What sort of things? Knocking the car out of gear as I rolled up to the stop line at traffic lights, instead of declutching; stopping in gear and then applying the handbrake. Pulling out too sharply before overtaking and giving too short an indication with the winkers.

He ticked me off for my gear changing, too. Instead of letting the car coast for a split-second when changing np, I was declutching and shifting and releasing the accelerator simultaneously. I had to admit it really is smoother, if a fraction slower, his way.

Tbo running commentary is not a compulsory part of the IAM test, but I elected to give one. My observation of potential hazards was pretty good, but my interpretation was faulty. I spotted a parked van on my nearside in a village street 200 yards ahead and said it wouldn't he driven off before I passed it. The engine wasn't running hecause the hrake lights were not on. "How do you know the driver isn't holding the van on the handbrake—which wouldn't maka the brake lights come on?" said David Ovenden. "And in any case, he could easily come running out of the shop where he has been making a delivery."

Not long after I spotted a Volvo converging from the left on a minor road. I mentioned it, and said he would probably give way, because we were on the main road and had priority. "You can't be sure. Never assume you have absolute right of way," he said.

And so it continued, with a few words of praise to keep my spirits up — "nicely balanced steering on that fast bend" and "full marks for that" after I had reversed into a confined parking space.

I hope I haven't given the impression that there was a lot of nit-picking in the examiner's comments. There was none. The IAM has been in existence 25 years and has tested more than 250,000 drivers. It is still looking for the perfect one. If such a paragon exists, ho or she will read the road as far ahead as possible, drive so smoothly that gear changes pass unnoticed, position the car so that he or she aiways has maximum visibility, and make good progress.

The perfect driver will be careful and courteous at all times and will go as fast as the law allows only when it is safe to do so. Perfection is an unattainable ideal, hut becoming an advanced driver is not difficult. The IAM will help prepare candidates for the advanced driving test. It has books like Roadcraft, a police manual on which the test is based; and a large number of local groups, whose members will provida guidance. For information, call 01-994 4403.

Why take the test at all? Because, says IAM, accidents don't happen; they are caused. If you have a driving fault, it will catch up with you eventually. It'a better to find out before the crash, not after.

Stuart Marshall

Battles in the tourism war

IT LOOKS like a battle of the battles coming up. On my right, Bosworth, vintage 1485, a right royal punch-up between Richard III and Henry Tudor, the plucky challenger dethroning the reigning champ. On my left, Sedgemoor, fought some 200 years later with an aftermath somewhat more bloody than the battle itself. This time, it was the challenger who took a tumble—well, to be honest, he threw in tha towel and left his seconds to deal with the crowd.

Both events are being celebrated this summer with Leicestershire making Bosworth the focal point of its touristic activities in 1985 and Somerset endeavouring to use the tri-centenary to prove that it is not just a country through which you pass on your way to Devon on the M5.

The best time for battles in the old days was high summer, after sowing and before harvest, when an army could be fed on the hoof and the weather was favourable. Monmouth made his play for the crown early in the summer of 1685, and tha actual hattle which ended his campaign was fought in the first week of July. The Bosworth argument was settled in August.

These dates have only minor significance to the celebrations, however, for jollifications are already under way.

The new exhibition at the Bosworth visitor centre opened last month (beware, you can only get in during the afternoons, mornings are reserved for pre-booked parties). The object has been to recreate a medieval street, but there are also scala models of the houses of those who fought in the battle, portraits of the contestants, ancient music, and lots of models and maps to show how and where the action took place.

The centre is two miles outside Market Bosworth and entrance is £1 for adults (60p children and OAPs). There is a 30p surcharge for a film show.

Nearer the day itself, there are a series of live events on successive Sundeys from July 14 until September 8 with jousting, parades and general olde Englande festivities. Anniversary day itself is being celebrated on August 22, with a replsy of tha battle.

Sedgemoor's battle scene is rathar a sad place these days, the battles being fought over local politics rather than crowns, so tha Monmouth rebellion (called locally the Pitchfork Rebellion) is heing followed largely by a series of events on the Monmouth trail —which wiggled considerably around the West Country. There ls, however, a renactment of the hattle here, too, hut only "near" the site at Westonzoyland.

The Bath and West Show st Shepton Mallet towards the end of the mouth will include a daily re-enactment of the battle.

There ls a large range of events in Somerset and elsewhere in the west throughout the summer — rebel troop movements in Glastonhury, a Pitchfork Festival in Wiveliscomhe, more re-enactments of the hattlo at Westonzoyland, medieval banquets at Bawdrip and a costume cricket match at Wincanton.

Further details: write to the Resident Warden, Battlefield Centre, Amblon Hill Farm, Sutton Cheney, Market Bosworth, Leicestershire CV13 0AD for details of the Bosworth events. Somerset Tonrism, County Hall, Taunton TA1 4DY for information on the Pitchfork Rehellion.

A.S.

HOLIDAYS & TRAVEL

Englishness is in...sedate, subtle

$25 X

Lucia van der Post

HOW TO SPEND IT

Whether you own ancestral acres or a pocket-sized patio, classical furniture will withstand the ravages of time and the vagaries of climate

Dream the summer away in a posh (port out, starboard home) steamer chair. Both Heal's, of 196, Tottenham Court Road, London W1 and The General Trading Company of 144, Sloane Street, London SW1 sell classic versions from £99. Panama hat, £18 from Hackett, 65c New Kings Road, London SW6, jeans from Benetton branches.

From left to right: natural wood garden seat, not unlike the classical Lutyens version, by Andrew Crace Designs, Bourne Lane, Much Hadham, Herts, £750. T. Crowther and Son, 282 North End Road, London SW6 is always a good source of antique furniture—this Coalbrookdale cast iron garden seat, 6ft 1in wide by 3ft 1in high is just one of many antiques in stock, £2,500. Robin Eden of Pickwick Village, Corsham, Wilts, mainly sells formal wooden garden seats in the Lutyens tradition but this classic park bench is one of the antiques he sells

IT SEEMS just a few years ago that the well-dressed English garden pretended to a South of France chic in spite of our skies being largely grey, clouds numerous and rain always imminent. The idea seemed to be to conjure up a fantasy world where the sun always shone and the sea always was warm; the garden was furnished, as if it lay beside the Mediterranean, with brightly-coloured parasols, lush swings and gaudy awnings.

Today, tha mood has changed. Englishness is in. Grey, damp skies, green foliage and gentle colours seem to cry out for soft, natural materials, unaggressiva shapes and quiet colours. In other words, for furniture that looks at one with its surroundings and does not provide too great a conflict for the eye.

Materials that seem singularly sympathetic to the English garden are teak (which weathers to a particularly attractive soft grey), cane, rattan and wrought-iron. Nothing that looks too bright or too new seems right (unless it lies beside the pool), so there now is a vogue for antique garden furniture which offers an instant authentic weathered look.

Clearly, with antique furniture there is no regular supply of any given design, but there are a number of specialists always worth visiting if you are looking for something special.

Architectural Heritage at Boddington Manor near Cheltenham, Gloucestershire, is a good source of all things old, from chimney pots which make lovely plant containers to decorative garden furniture and stonework. T. Crowther and Son of 282 North End Road, London SW6, and Crowther of Syon Lodge, Syon Lodge, Busch Corner, London Road, Isleworth, Middlesex, both have a good selection of antique garden ornaments as well as extravagant wrought-iron and highly-decorative garden pieces of all sorts.

Clifton Nurseries of Clifton Villas, Warwick Avenue, London W9, has some very elegant Regency strap-metal garden furniture and it also will take orders for the Chatsworth range of garden furniture, designed by David Mlinaric and mada in the Chatsworth workshops. Haddonstone of The Forge House, East Haddon, Northamptonshire, uses reconstituted limestone to make antique-looking urns, vases, fountains, balustrades and other stonework, all of which mellow beautifully.

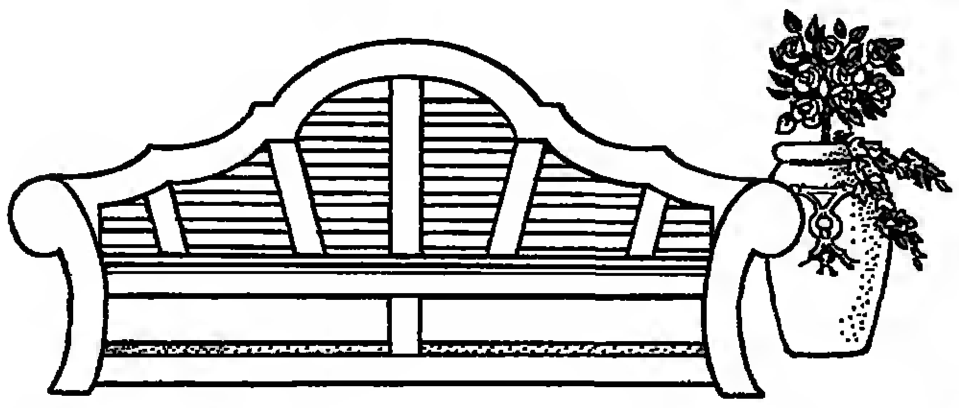
There are now also several people providing copies of old designs. Robin Eden of Pickwick Village, Corsham, Wiltshire, specialises in reproduction Lutyens garden benches, either in plain teak or white-painted versions. There is Jekyll, of which the original is at Sissinghurst—8 ft 8 in long and £495 in teak or £420 in painted pine—as well as a slightly smaller and cheaper version, Hestercombe, of which the original is to be found in Hestercombe House, is 5 ft 5 in long and costs £378 in teak or £307 in painted pine.

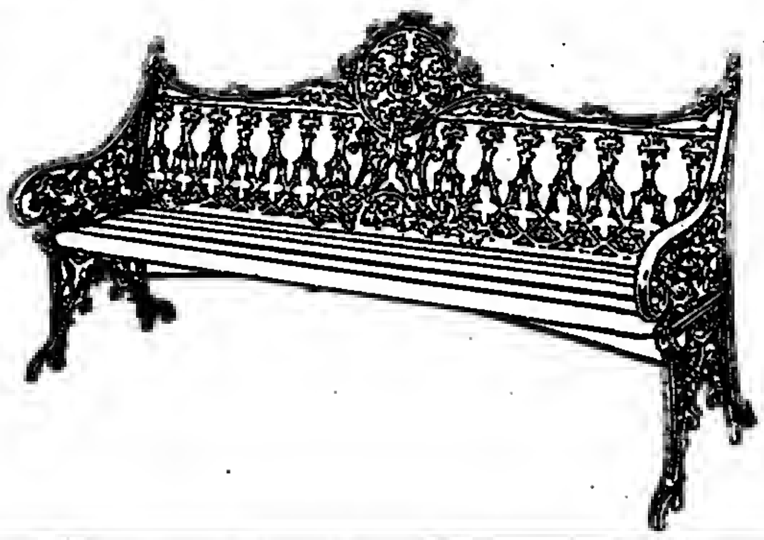
Moot, a Chinese Chippendale design, is 5ft 5in long and costs £395 in teak or £307 in painted pine. Finally, be also makes iron-hooped backed seats of galvanised iron: three-seaters are £147, two-seaters £119 and single chairs £84. For a brochure, send a large stamped addressed envelope.

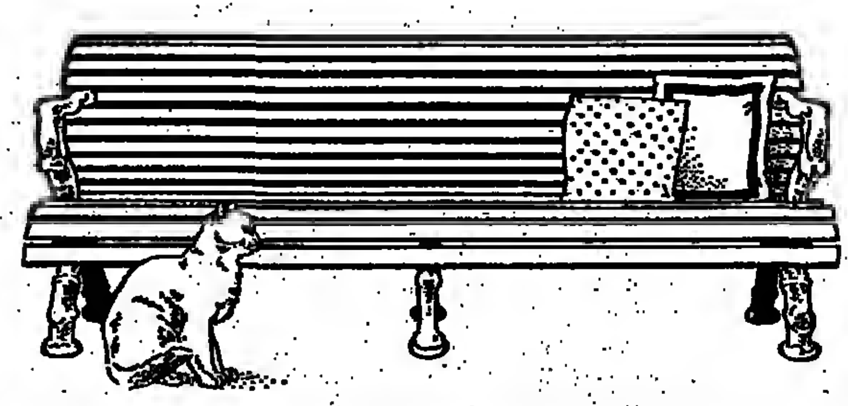
The National Trust sells two admirably restrained and traditional looking garden benches. Both are made from reed mild steel and can be ordered white, dark green or just primed. Hidcote is 6ft long and costs £295, while Charlecote is 4ft 10in and costs £275. Both prices include delivery and you can order by writing to The National Trust, PO Box 101, Melksham, Wilts, SN12 8EA.

Another good name for which to look out is Andrew Crace Designs of Bourne Lane, Much Hadham, Hertfordshire. He uses sturdy woods like teak and iroko to produce solid seats, some based on the old 18th century Chinoiserie tradition usually associated with Chippendale but taken out of doors by Thomas Robinson and other designers of the era; others draw on a more Japanese influence.

Of the modern designs, the best value of the year must be







Pre-retirement courses

Tread carefully through the advice

RETIREMENT MIGHT not be new but it is growing at a pace unprecedented in human history. Dr Nuala Sterling, a consultant physician at Southampton University Hospital, argues that there has boen hardly any thought about the implications for financial markets and social policy.

She says: "By the middle of the 19th century there were 30m people in Britain half of whom could expect to live past 50 but only 250,000 of whom would live beyond 65. Today, with more than 50m people, half can expect to reach 70.

"There are already 7-8m over 65. Living to be 80 to 100 is a realistic possibility for many people now. With more people retiring early in their 50s, we are talking about 40 years of life after finishing work."

The sheer size of the potential market is already attracting financial services companies like wasps to a jampot. Douglas Shields, an independent financial adviser, spent some time last week telling some very senior managers how to avoid being stung.

Outside, the blue Solent reflected a cloudless spring sky. Waves lapped gently against the rocks beneath the open windows of the morning room of the Royal Yacht Squadron in the Castle at Cowes. Many a salesman would have given a share of his commission to have a pre-retirement group together in such conditions.

Instead, Mr Shields used the occasion for an anti-sales message. He told the group: "There are plenty of people about—you will be surprised how many—who will descend on you with all sorts of proposals and packages that look so good that you think it would be nonsensical not to buy them. Some of these people are good: but some are less than competent."

Peter Tuke thinks that pre-retirement courses themselves are one of the things to be careful about. "People don't realise that many who pretend to offer neutral advice often have a pecuniary interest in its being taken. It has always struck me as iniquitous that bank managers can take commission on many of their dealings with customers. Many retired people just do not realise that."

Mr Tuke prides himself on neutrality. He is managing director of Millstream Pre-retirement and will not let salespeople lecture on the seminars he runs at the RYS and, in winter, the Manor House, Moreton-in-Marsh, in tha Cotswolds.

One result is that the two-and-a-half day residential courses cost £700—nearly 30 per cent more than some financial services companies. Mr Tuke believes these latter must generate some business for their organisers to find them worthwhile.

But the reputation of Millstream's seminars seems to be growing. Last week's was the 14th in three years and the participants—who attended with their wives—were at board level of some of Britain's largest corporations. They are definitely up-market events.

Two were only 57—one retiring after a coronary precipitated by a year of 60-70 hour weeks, and the other opting for redundancy in a restructuring of his company.

Mr Tuke markets Millstream's seminars directly at chief executive or chairman level and not to personnel departments or those about to retire. Once a main board member has been on one, there usually are repeat orders from the company for places for other directors or senior managers.

Dr Sterling and Mr Shields are regular lecturers. Mr Tuke, a former naval officer, leads tha seminars with Sir Peter Buchanan, who retired from the Royal Navy in 1982 as a vice-admiral and is now in self-employment, mainly as a chairman of public inquiries.

Sir Peter emphasises the increasingly long-term nature of most people's retirement and the economic implications. He says: "The younger retiree will usually find he has to earn something, however well off he thinks he is."

But how to get work? Bill Hare, another Millstream lecturer, advises: "One of the most effective ways is to get your company to put out a press release about your retirement, especially to the trade press." Mr Hare, a former production director of Lyons and one of the pioneers of sliced bread in Britain, got several part-time agencies as a result of following his own advice.

Finding work is essential, he says, and contacts should be used: "There are two stages of retirement—active and resting. You don't get to the second stage until you are 80. This is one of the reasons why retirement is both stressful and a challenge. Nobody likes to mention that they have been worried about retirement. But people have cause to worry about things like managing on less money and having to decide what to do during the day."

For some people, whose jobs have involved unvarying routine, retirement has led to boredom and early death as they tried to fill time with hobbies. The stress can be considerable and itchy feet usually start adding to it after about three months. Dr Sterling says: "In retirement, how do you get your satisfaction if you have spent your life getting all your satisfaction from the year-end figures? It can lead to depression. Men need support from their spouse and their friends.

"Retirement changes your life. People don't realise by how much. Fortunately, not everyone succumbs to stress in a destructive way. To cope, you have to learn how to analyse your life and what you want to do with it."

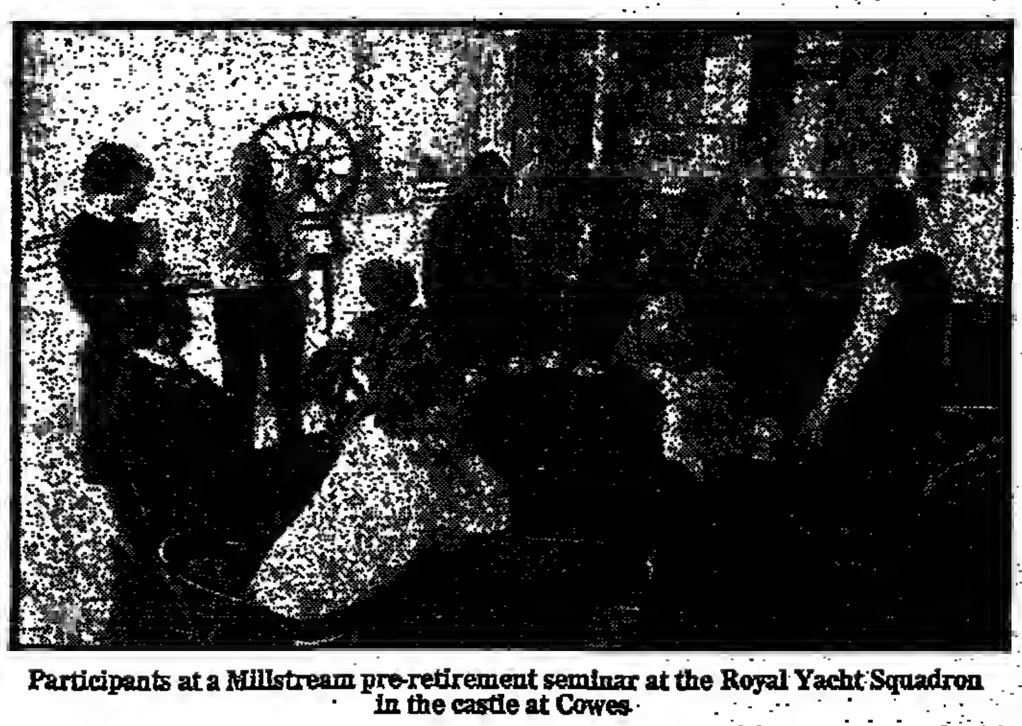
Because of the stress, Mr Shields recommends caution in financial matters, supporting Mr Hare's view that it is essential to have an accountant or similar advisor to obtain independent counsel. As Mr Hare points out: "Many senior managers don't have one. They are used to big company life, to popping along to colleagues for professional advice."

Mr Shields says: "Everyone going into retirement faces three things: one of the biggest upheavals of their life, a switch from earnings into pensions, and handling the largest sum of money they have ever had their hands on. Tha first and third events are just not compatible. A good principle is to put off decisions and review everything in 18 months when you can see how things are going and how much you really need to live on. This includes paying off the mortgage if you are retiring early."

It also includes trips to Australia, world cruises, and anything else that will whittle away capital and prevent its use later to bolster income in fallow financial periods. Mr Shields says that an independent view will always pay.

With long retirement an increasing prospect, people cannot be too careful. The first step in prudence may well be finding the right seminar. Millstream's independence is an important testimonial.

Ian Hamilton-Faizey



Participants at a Millstream pre-retirement seminar at the Royal Yacht Squadron in the castle at Cowes

Gardening

FOR SOMETHING like 20 years I have got no pleasure from the forsythias and ornamental cherries in my garden. They flourished well enough, but they scarcely produced a flower because all the flower buds were pecked out by birds during the winter. So disappointing was this that I began to grub out the trees and bushes and in some places to plant young magnolias near cherries with the idea that they would replace them in a few years.

Three years ago, I noticed a change. Some of the cherries were beginning to flower again, though sparsely, and even the forsythias were carrying a few flowers. During tha next two years the improvement continued and this year I have enjoyed the kind of spectacle I was accustomed to before birds started their assault.

It is very gratifying, but also rather puzzling. I have little idea what has caused the change, any more than I know why birds started to strip my trees and bushes all those years ago. Enquiry then revealed that many other people with secluded country gardens in which birds were not disturbed were having tha same problem, and now suggests that many are enjoying the same relief as I am.

Have the birds changed their habits or has the bird population changed? I have not seen many bullfinches or chaffinches around lately: this may have something to do with it. Maybe some ornithologists know the answer, but in the meantime it is nice to know that the cherries can stay, and that I can add more varieties if I wish to do so.

There is no sign that birds are relaxing their interest in fruits and seedlings, but a totally different bird population is involved — in my garden, mainly, pigeons, ringdoves and blackbirds. Last year they were ripping my brussels sprouts to pieces even when they were over a foot high. This year I am taking the precaution of covering all tha young greens with netting or cloches. I may well extend this protection to other seedlings. Some are pulled out because there are soil pests feeding on the roots, so it could be argued that the birds are doing me a good turn.

Unfortunately they pull out the lot in order to find the small percentage that is infected, so I would do much better without their assistance. The answer must be more persistent and efficient use of soil insecticides such as bromophos or gamma-HCH. For my failure in this respect I have only myself to blame.

Fruit, especially raspberries, strawberries and currants, is a great attraction for birds. Blackbirds are particularly ingenious and persistent in penetrating all my defences. They get hopelessly tangled up in my netting and screech with dismay when I approach to release them, but they are back again within the hour, quite undeterred by the experience. I like blackbirds, and do not begrudge them a few fruits, but they do not reciprocate my moderation.

My worst disaster, a couple of years ago, was not caused by birds, but by grey squirrels, of which I have an ever-increasing population. In one single night they cleared the whole of my strawberry crop—ripe, ripening and green.

How do I know that it was squirrels? Well, I suppose I could be wrong. I did not actually see them at it, but they were certainly in the surrounding trees, and what else would make a clean sweep like that? Not a trace was left, not even the stalks on which the strawberries had hung so promisingly the day before.

Last year I netted much more thoroughly than ever before, widely overlapping as I have just described for birds, but also holding tha nets firmly to the soil with planks or lengths of old metal piping.

It was nylon, not wire, netting; I thought maybe the squirrels would eat their way through it. Thankfully, it either did not occur to them or they found the nylon too tough.

I hope it works as well again this summer. Small mesh wire netting is now so expensive that, if I had to use it, the strawberry bed would become a financial liability.

With tree fruits the problems are different. Apples and pears are pecked and spoiled but, provided they are not left to become too ripe on tha trees, the amount of damage done is tolerable and certainly not as great as that caused by wasps. Cherries are another matter. They are stripped before they are sufficiently ripe to be harvested. I only get a meagre return from the solitary sweet cherry tree that remains in tha garden, retained for its ornamental value. The rest of the cherries succumbed years ago to bacterial canker, and I did not much regret their passing, because of the bird problem.

I suppose that in commercial cherry orchards there is so much fruit that birds can eat their fill without making serious inroads on the crop.

Arthur Hellyer

style returns to gardens

Habitat's parc furniture, in white or green with steel frames and wooden slats. There is a bench for just £49, a round table for £29.95, stools at £19.90 and armchairs at £45.90. A particularly useful collection for those with small patios, it all packs flat for easy storage.

The General Trading Company at 144 Sloane Street, London SW1, has one of the best garden furniture departments I know. It sells Green Brothers' Lister range of solid teak outdoor furniture (sturdy collections of benches, chairs and tables which last for generations). The Charles Verey Collection is singularly attractive and (as you might expect from the son of a famous garden designer and writer, Rosemary Verey), eminently suitable for English gardens. Most popular of all is his faithful reproduction of an authentic Lutyens bench. There is also a fine collection of rattan furniture.

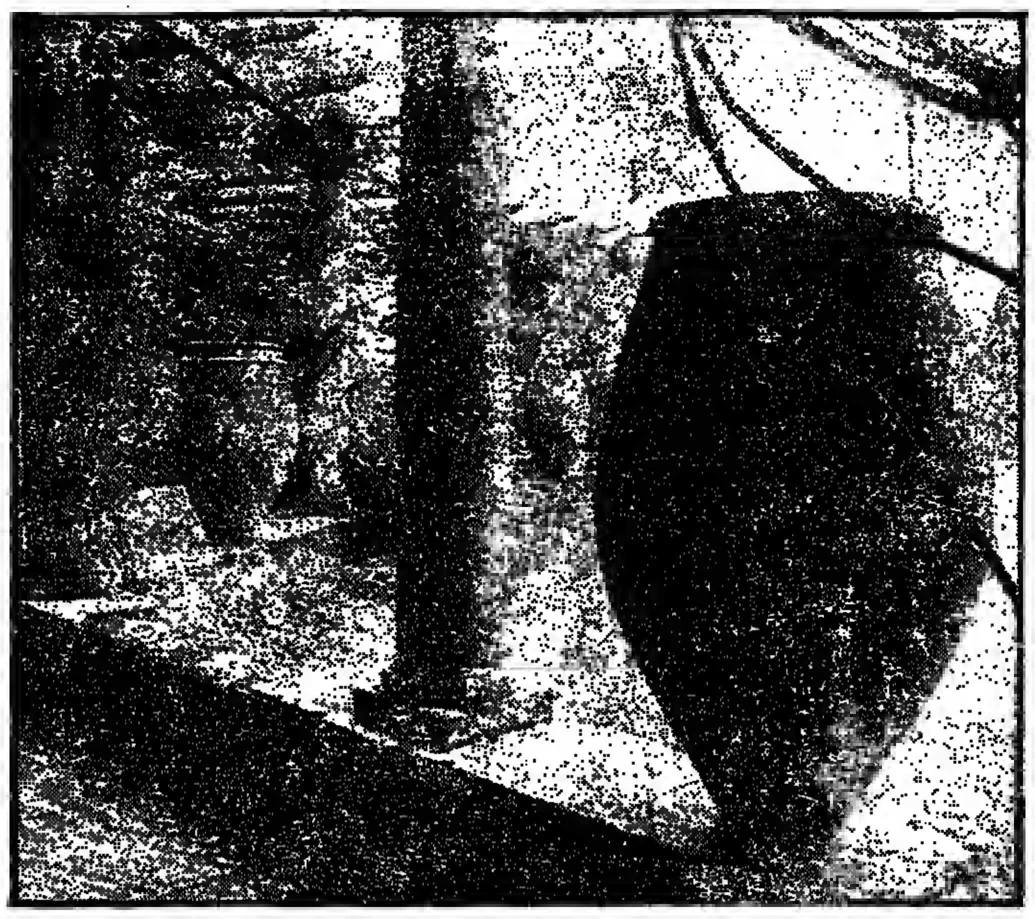
Heal's of 196 Tottenham Court Road, London W1, also features plain or white-painted wood for summer—it sells the famous steamer chair, made from polished beechwood but with an additional full-length cushion for greater comfort (£99). There are white slatted wooden tables and chairs and the traditional French woven chestnut furniture—not designed to last, but at £25.50 for a chair and £45.50 for a table that would be a lot to ask. It is also reproducing two of its original 1920s designs—a traditional teak bench at £279 and a matching chair at £179.

If, however, tradition is not for you or sentimental reproductions have cloyed, make a point of visiting the Oxford Gallery's "Exhibition in a Garden," which runs from July 6-29 at High Wall, Pullens Lane, Headington Hill, Oxford. Joan Crossley-Holland, who runs the gallery, has gathered together the work of many different craftsmen and women, all of which can be seen in the sort of setting for which it was designed.

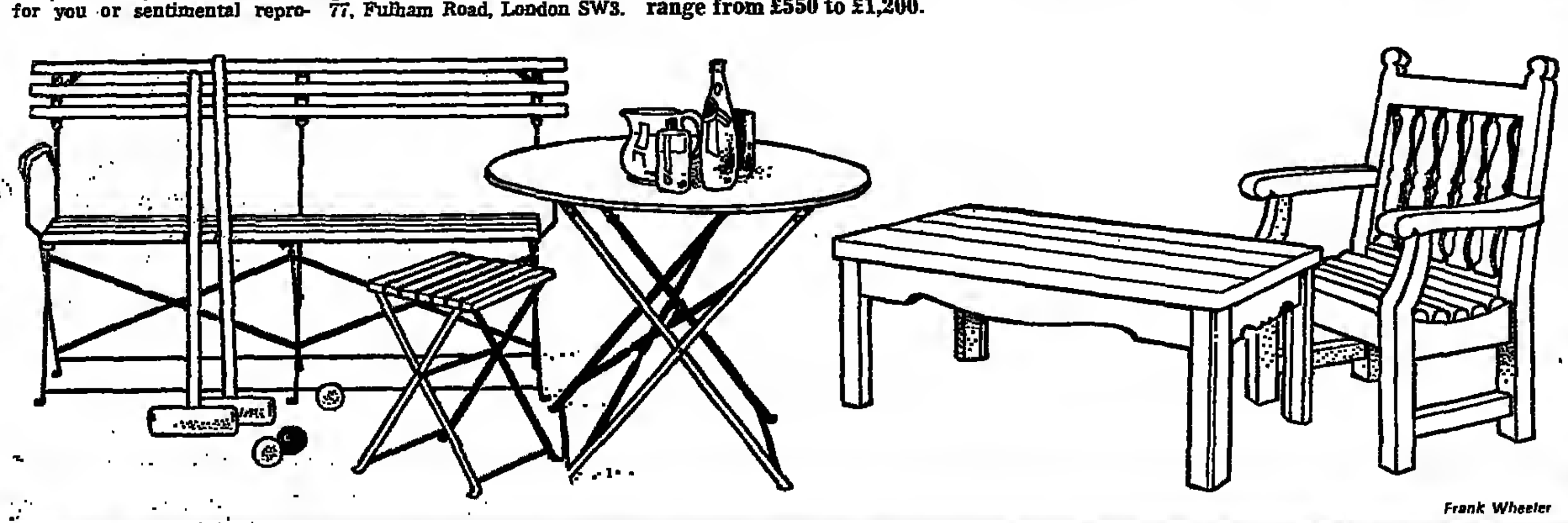
Visitors to the exhibition won't fail to notice Monica Young's giant coiled stoneware pots, photographed here — they were among the most memorable and sought-after items from last year's exhibition. In spite of the pots granduer and their prices, they seem to be snapped up almost as soon as they are turned out. Thay would, of course, look wonderful in a large and grand garden.

More affordable and therefore posibly more accessible are the timber designs of Lucinda Leech. She showed her work at the Chelsea Flower Show this week and specialises in using a variety of hardwood timbers. She succeeds in providing a range of furniture that is at once simple and clean-lined and yet much more sophisticated than the more limited old rustic styles that timeber manufacturers often turn out.

P.S. If all you're looking for is a simple deck-chair you won't find it all that easy. The cheapest in town are Habibtat's wooden-framed versions with bright zig-zag striped cotton seats at £15.95. For £19.95 you can find them quiet and plain with black, yellow, blue or green seats at the Conran Shop, 77, Fulham Road, London SW3.



Below left, Habitat's inexpensive dark green foldaway Parc collection—£29.95 for the table, £49, the bench and £19.90, the stools. Below right, white-painted low table and sturdy chair from the Chatsworth collection, £150 to order from Clifton Nurseries. Above, Monica Young's grand and formal coiled stoneware pots at the Oxford Gallery's Exhibition "In a Garden." Between 42in and 53in high, prices range from £550 to £1,200.



Frank Wheeler

The eyes have it

NO LONGER just for Mafia bosses, Hollywood moguls and gigolos, sunglasses these days are even an acceptable accoutrement for gentlemen. They have become an almost universal prop, as frequently bought to proclaim styla and status as to protect the eyes from glare.

He (or she) who would own a pair la spoilt for choice. If it is labels you mind about, they come as grand or as cool as you like. Porsche or Dior, St Laurent or Cartier, the nuances may vary but one message comes across loud and clear—you will have spent more than many would consider either wise or necessary.

If it is technology you're after, they you are even more spoiled for choice. From CR39 lenses to photochromic ones, from gradient to polarised, thera is serious study to be done.

If it is eyes you are really worried about—worry no more. Most experts seem agreed that in England nobody with normal eyes really needs sunglasses.

If you are going abroad and might need sunglasses, the two most popular lenses are photochromic (which means they darken or lighten to adapt to the intensity of light, but if they do this too slowly they could be dangerous in some situations) and polarised (these, to put it briefly, cut out reflected glare). Gradient lenes are dark at the top and gradually lighten until they are clear at the bottom; they never change.

If it is fun you're after, there has never been more choice. The spate of new fast service optical shops opening up all over the country will quickly make up prescription tinted lenses to suit any of their frames. Fashion frames are available at increasingly attractive prices. This summer's mood is nostalgic, harking back to the 1950s. Foster Grant, always one of the most up-to-the-minute stylists, has brought a number of high fashion looks for the summer (two of which are photographed right). Current fad is for brightly-coloured frames with matching bright cords (a la American matroo) to prevent you losing them. Still high in the popularity stakes are Rayban look alikes with dark black wraparound frames and sinister tinted lenses. At prices that start at £6.95 and don't rise higher than £19.50, they are inexpensive enough to encourage the timid to be more adventurous.

Cool sophistication, above, in hand-made frames and gradient lenses, £15.50. Fifties-style frames, below, with solid lenses, £6.95

Collecting

From romance to revolution, step by step

FAN FEVER is by no means a 20th century phenomenon. When the great romantic ballerina Maria Taglioni appeared in Vienna in 1839 the audience brought her back for 42 curtain calls, and the city's dandies unharnessed her horses so that they could draw her carriage. Riots broke out as people fought for flowers she threw from her window.

It was the same in Paris, Berlin, Warsaw, St Petersburg. In Milan the whole theatre orchestra followed her to her hotel to serenade her beneath her window. In Stockholm the road was carpeted in her honour with flowers and precious rugs; and when she left Sweden she was escorted to the frontier by 100 aristocratic cavaliers. London throughout the early 1840s was in the grip of positive Taglionimania.

Taglioni was the Romantic Ballet. She gave birth to it in 1832, when she created La Sylphide at the Paris Opera: and after her retirement in 1847 it virtually faded away, its demise hastened by the sharp change of mood in Europe signalled by the revolutions of 1848.

La Sylphide, with its story of a dreamy Highland lad misled by an other-wordly spirit, declared the ultimate revolt against the formal, mythological style of ballet inherited from the 18th century.

Taglioni was not the only star of the Romantic Ballet; many outstanding talents seemed to coincide in one enchanted era, though there was a considerable age range between the stars. Taglioni was born in 1804 and remained on the stage for 25 years, Fanny Elssler was born in 1810, Pauline Duvernay, perhaps less talented, but dazzlingly lovely and vital, in 1813, Carlotta Grisi in 1819, Lucille Grahn and Fanny Cerrito in 1821.

The apogée was the famous Pas de Quatre performed by Taglioni, Grisi, Grahn and Cerrito at Her Majesty's in July 1845. The critic of The Illustrated London News said: "We have never witnessed a scene so perfect in all its details.... No description can render the exquisite, and almost ethereal grace, of movement and attitude of these great dancers, and those who have witnessed the scene, may boast of having once, at least, seen the perfection of the art of dancing."

The audience showered the dancers with bouquets, and at the end Cerrito crowned Taglioni with a floral wreath, putting an end to the partisanship of their respective fan followings, often quite violent.

The most promising of English Ballerinas, Clara Webster, born in 1823, was fatally burned in view of the terrified audience when a gas footlight set her dress alight during The Revolt of the Harem at Drury Lane in 1845. A young dancer who made a gallant effort to save her, Adeline Plunkett, was to achieve a share of stardom in the Romantic Ballet's final days.

Artists of the day were excited and inspired by the Romantic Ballet and its lovely luminaries. A by-product of the 1840s' ballet fever, the series of lithographic portraits of the great dancers in their favourite roles provides an enchanting and appropriate memorial. These prints were hardly noticed by collectors, until Marie Rambert and Ashley Dukes started a collection at their little Mercury Theatre. In 1938 Cyril Beaumont and Sacheverell Sitwell published a sumptuous volume of reproductions. The Romantic Ballet in Lithographs of the Time, now a collectors' item.

Beaumont and Sitwell estimated that there were 100 different prints, and many sheet music covers with fine lithographic representations of dancers. A large number in both classes were by a painter-lithographer hardly known outside this field, John Brandard. He was unrivalled in his understanding of the dancer's technique, and his ability to convey the phenomenal, unworldly lightness.

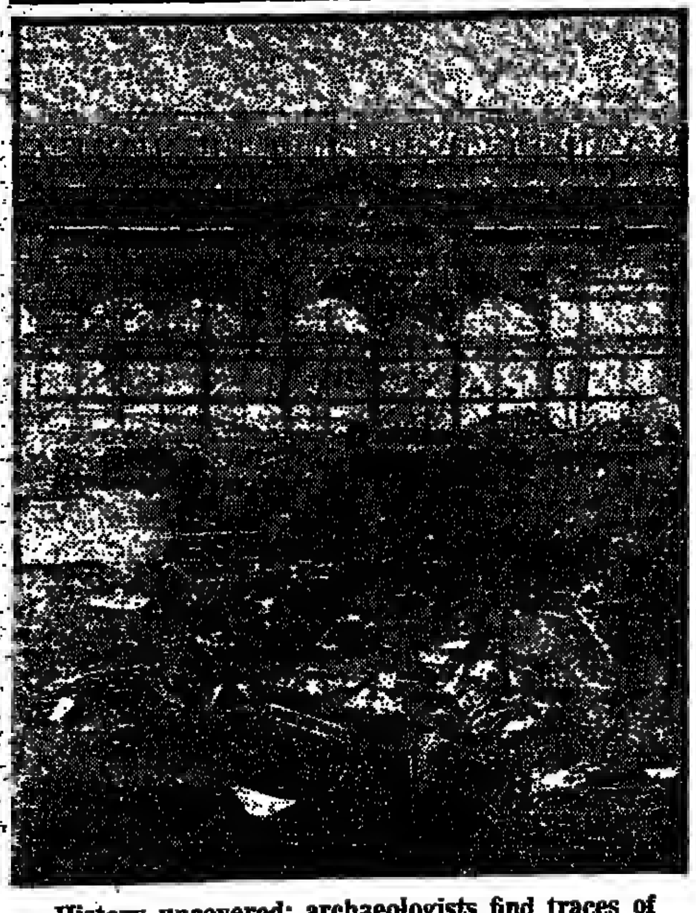
At their best Jules Bouvier and James Warren Child Brandard close. A more celebrated artist of the time, A. E. Chalon, excelled in portraiture rather than movement. He created an exquisite series of six portraits of Taglioni, "Souvenirs d'Adieu," to commemorate her farewell tour in 1845. (In true theatrical style she changed her mind and was back again next year.)

When Beaumont and Sitwell wrote, ballet lithographs were already hard to find. Almost 50 years later, they are no less scarce, and a good deal more costly—though still promising as investments and irresistible as decoration. A comparatively large group appears in Sotheby's sale of Ballet and Theatre material on Tuesday.

Two of the Chalon uncoloured "Souvenirs d'Adieu" series are estimated at £400-600 each. Also by Chalon, in collaboration with T. H. Maguire, a fine coloured hand-lithograph of the "Pas de Quatre" is estimated at £1,800-2,500, and Bouvier's "Le Pas des Déesses" slightly higher, at £2,000-3,000.

Janet Marsh

A lithograph by Leon Bakst from the ballet, Le Dieu Bleu, on sale at Sotheby's on Tuesday



History uncovered: archaeologists find traces of London's Saxon past

Archaeology

Digging up the Saxons in the Garden

A SUDDEN rescue excavation last week at Tavistock Street, on the south edge of Covent Garden in central London, found mid-Saxon buildings, hearths and wells. They are important evidence to support a recent theory of where London was settled in the 7th-9th centuries and perhaps even as early as the 6th century. It was not inside the walls of Roman Londinium (the present City), which were still standing then and for a long time afterwards, but around the Aldwych.

The settlement would have been in a curve above the Thames and probably stretching along the Strand—the old land route between the City and Westminster—in the direction of Whitehall, where there is a mid-Saxon building below the Treasury, and Westminster, where land was granted by Offa, king of Mercia, to the monastery of St Peter—the forerunner of the Abbey—in 785. For 1985, the implication is that developers and contractors must be prepared for archaeological remains as much outside the City as in it.

At Tavistock Street, Speyhawk Land and Estates Ltd are building an addition to the Jubilee Hall, which will have shops and offices. With their co-operation and that of the contractor, L. Tellings Ltd, Robert Whitehead, of the Department of Greater London Archaeology at the Museum of London, had a watching brief at the site. There were hopes that Saxon remains might be found, but fears that all would have been cut away by basements and cellars.

So it seemed for the first few days of digging the foundations, with little left except a brick-lined wall, of which there are very many in London. Then a burial was found, with Saxon pottery above it. This was removed with Home Office permission, which is required for removing any burial, however ancient. The site was meeting its Saxon expectations.

As the week went on another well was found and evidence of two types of buildings, one with posts set in holes and the other resting on beams laid in slots.

The pottery could be assigned to the 7th century, and with one group there was an early-8th century silver coin, a sceatta. The debris of daily life also included loomweights, for holding the threads taut on a vertical loom, and a regular mid-Saxon find.

Bulk samples of earth were taken, both because it is the archaeologist's duty to recover as much as possible of the ancient evidence and also because time was so short that no processing could be done on the spot. At Tavistock Street, the initial one and a half days lengthened into a week, reflecting the importance of the place in filling a gap in the history of London. Even so, as in all rescue excavations, the judgments of how best to use the time and record what was really important had to be decisive and right.

The features were in the natural subsoil of London clay, and there was some river gravel on the south side of the site, towards the Strand, as you might expect. They lay at about 4-4.5m below the piazza level of Covent Garden. Above them was a thick layer of very dark earth, containing the oyster shells and animal bones, probably from a later midden or rubbish dump.

A rather different dark earth has been found over much of Roman London, inside the City, and is to be dated to the late 2nd or early 3rd centuries onwards. There are no Roman buildings where the dark earth is. The most likely explanation is that it is from gardening and farming. This means that much of later Roman London was not inhabited, and that we should imagine fields or allotments within the great walls.

The centre of activity was just a strip along the river, where the riverside wall was built in the mid14th century. The latest Roman occupation found in the City is in Lower Thames Street, where a grand building with mosaics and private baths was in use into the early 5th century. But there are no early Saxon remains in the City. With the end of Roman rule in 410, when the British were left to look after themselves in coping with Saxon invaders and rebellious mercenaries, it was deserted altogether, on present evidence.

What else is left of mid-Saxon London? St Andrew's Holborn and St Bride's Fleet Street both may date back to the period.

Gerald Cadogan

With love from Sigmund to his friend

THE COMPLETE LETTERS OF SIGMUND FREUD TO WILHELM FLIESS 1887-1904
edited by J. M. Masson.
Harvard University Press, £19.95, 503 pages

ANNA FREUD: A LIFE DEDICATED TO CHILDREN
by Uwe Henrik Peters.
Weidenfeld & Nicolson, £16.95, 281 pages

PSYCHO-ANALYSIS will soon be 100 years old. In November 1887 Sigmund Freud wrote from Vienna about a case of dizziness in a female patient to his Berlin colleague Wilhelm Fliess. The two men had everything in common except nationality. Both had been involved in medical research with Charcot in Paris, both were Jewish, both were interested in the mental causes of physical illness; and their friendship even had a faintly romantic undertone, both suspecting bisexuality to be a universal condition of mankind.

Their professional friendship, recorded in these letters, was to break after 1900, when Freud's *Interpretation of Dreams* appeared. As the editor remarks, the complete letters to Fliess present a more likeable Freud than the incomplete editions published in German and English more than 30 years ago, and help to show how his theories evolved from their immature origins into the dogmatic system of the inter-war years. Fliess's replies have unfortunately not survived, so that the causes that ended their friendship are hard to judge—though one surviving document suggests that Fliess's hypothesis about biological periods governing mental illnesses must have angered Freud, since it seemed to leave no room for psychotherapy. His bitterness may be Freudianly interpreted from the fact that he could not later remember if he had destroyed the letters or mislaid them, and it was only through the courage and resource of the Princess Marie Bonaparte, his most celebrated analysand, that they were saved from the Nazis during the French occupation, to end up in the Library of Congress in Washington.

Freud was as given to analysing himself as others, and his letters to Fliess, even if they do not make the liveliest of literary interest, breathe a world of that pre-1914 hypochrondriacal hothouse called intellectual Vienna that no one by now is bound to admire. But the book will prove a godsend to anyone curious about the origins of psychoanalysis, and there are occasional amiabilities in Freud's asides about literature, the arts, travel and family life. This was a long saga of earnest endeavour, as his references to laziness confirm, if never far removed from self-importance.

Anna Freud, who died only three years ago in her late eighties, was born in 1895—the youngest, though not the best loved, of Freud's six children—and in the very year he began to work on the dream-interpretations that were to disrupt his friendship with Fliess. Professor Peters of Cologne, who knew her, is understandably eager to reconnect his own Germany with an intellectual tradition brutally severed by Hitler in the 1930s, and he has written a careful biography that starts in Vienna where (to the scandal of some) her own father trained her in analysis, into the early days when she shed her nervousness through singing lessons to become a brilliant lecturer. Then her friendship with Lou Andreas-Salomé, once thought to be her father's mistress. No highly convincing portrait of a personality emerges here, and the style is largely charmless, moving painstakingly from fact to fact with astonishingly little in the way of interpretation, whether of dreams or of reality.

But the summary of Anna's theory of child-analysis, and how it differed from Melanie Klein's, will be found useful to the uninitiated, and it is nice to know that *Little Lord Fauntleroy* can be interpreted as an infantile fantasy about lion-taming. Anna's ever-memorable account of the paradox of adolescence is rightly quoted here:

"Adolescents are excessively egoistic, regarding themselves as the centre of the universe, and *yet at* no time in later life are they capable of so much self-sacrifice and devotion."

The escape from Vienna in March 1938, after the Nazi seizure of Austria, is duly terrifying, after a whole day's interview for Anna with the Gestapo with a flask of veronal in case of torture; and the fact that she chose not to return for more than 30 years makes a point that needs no interpretation. The Nazis dissolved the Vienna Psychoanalytic Society only eight days after they entered the city. By now, it is true, that entire tradition of speculative soul-searching looks more dated *than* dangerous, though one can see that a National Socialist would think psycho-analysis not only Jewish but incompatible with a life of heroic action. As for the inside of Anna's own mind, after nearly half a century of child therapy in Hampstead and a riot of international conferences, that is a matter the reader is left to analyse entirely for himself.

George Watson

Eros—now on display in the Royal Festival Hall before being re-sited in Piccadilly next year

Victorian who made lasting memories

ALFRED GILBERT
by Richard Dorment.
Yale U.P. £19.50 350 pages

THE WINGED figure known as Eros, until recently at Piccadilly Circus, and now reposing in the Festival Hall where one trusts he will not wreak too great havoc among the musicians, is surely the best known statue in London. It might have served as a logo for the city itself, once the hub of Empire. Yet among the millions who know the statue the number of those who know the name of the sculptor must be minute.

Alfred Gilbert's career was often noisily controversial, and very long. Yet Richard Dorment's is the first full-scale, critically objective and adequately illustrated account of it to appear. Gilbert was *born in* 1854, and the peak of his career was reached in the 'eighties and 'nineties, when he was beset with commissions, socially lionised, a luminary of the Garrick Club and intimate of such as Henry Irving and Ellen Terry as well as several aristocratic patrons. It was the period of Eros and the Shaftesbury *Memorial*, and Queen Victoria's commissioning of the tomb of the heir to the throne, the Duke of Clarence—two out of Gilbert's three major masterpieces.

In person, Gilbert was splendidly flamboyant. A protégé of Lord Leighton, academician by the time he was 38 and acknowledged as the greatest British sculptor of his generation, his work was also recognised abroad. Rodin, when told the British held Gilbert to be equal to Benvenuto Cellini, is said to have responded: "Much better than that"—though one does not quite know what the tone of Rodin's voice was.

By 1890 disaster was looming however. The romantic stereotype of the artist tends to present a lofty spirit careless of, and untrammelled by, mundane considerations, everyday failings being discounted against the privileges of genius. Even so, Gilbert's incompetence in managing his affairs was awesome, and compounded by his deviousness in dealing with *his patrons, not least with King* Edward VII; it was matched by his inability to admit, especially to himself, that he was ever in the wrong. By 1901, Gilbert was bankrupt. For the next 25 years, he lived in exile, in Bruges, right through the wartime German occupation. He resigned his membership of the Academy to avoid expulsion. He continued working, but survived, it seems, by borrowing from friends or patrons whose generosity he subsequently repudiated in ferocious quarrels.

Nevertheless, the quality of his ability was such that it demanded recognition and the magnetism of his person such that to the very end supporters rallied to him. In 1926, he came back to England, and even into (fairly reluctant) royal favour, to complete the Clarence tomb unfinished for some 35 years, and then to carry through his third and final masterpiece, the Alexandra Memorial. His rehabilitation was completed by his reinstatement as an RA, and, after the unveiling of the monument, a knighthood (characteristically, he thought this an inadequate elevation). He died, aged 80, curmudgeonly to the last.

Inherant in Gilbert's nature was his ability to exhaust the patience of others. At points in this admirably researched account, he is *in* danger of exhausting the reader's patience, as his awfulness, often paranoiac in character, swamps sympathy. However, Richard Dorment's interest in his subject is so humane, yet objective, and his ability to convey it in his narrative, so lively that a long overdue life-story emerges compellingly. Into it is interwoven a continuing critical assessment of Gilbert's remarkable talent and imagination with their realisation in the imagery and material of his work. Gilbert developed the Renaissance tradition that towards the end of his life modernism for a time was displacing. By then Henry Moore was already at work. But the bewitching beauty of technique and material, in Gilbert's original small bronze figures especially, the richness of invention, now enchant once again.

As the author rightly observes, essentially Gilbert's finest work relates more to that of a goldsmith than of a monumental sculptor, and its appreciation demands a subtle and a patient eye; such an eye is truly rewarded. Here is a volume admirably produced, copiously illustrated, reasonably priced, on which author and publisher alike are to be congratulated.

David Piper

Man of vision

BACKING INTO THE LIMELIGHT: A BIOGRAPHY OF T. E. LAWRENCE
by Michael Yardley, Harrap, £12.95, 217 pages

MICHAEL YARDLEY'S new biography of T. E. Lawrence has a great deal of merit and I thoroughly recommend it—on certain specific counts and not on others. To begin with, it is, thank God, not one of those defamatory, snide biographies of the kind initiated by Lytton Strachey. If the biographer cannot love and admire his subject, he had better not set to at all. Mr Yardley obviously reveres Lawrence and feels his hero's greatness very deeply. Secondly, he writes well. In spite of the occasional lapse (e.g., Lawrence "taking" a bath, and the operations not being "overly" aggressive) his style is lucid and not without a degree of elegance. He wastes no words. (How could he, attempting a biography of Lawrence in 217 pages?) Thirdly, his research and bibliography are impressive. He knows his subject inside out, and has constructed his book excellently, giving just about the right length and emphasis to each part of Lawrence's life. I am most certainly not going to damn the book with faint praise. It is an impressive achievement.

What, then, are the features, that I want to cavil at? They are two. The first is best expressed in the words of the blurb: ". . . for Michael Yardley, the most interesting thing about Lawrence is not what he was, but how he was perceived." The book is really not so much about Lawrence as about other people's views of him, the meretricious ballyhoo in the contemporary press, references in letters, staff reports in Cairo and so on. This approach certainly performs a valuable service, for Mr Yardley exposes and destroys a great deal of the untruth which has been published about Lawrence (including much of that published, and spoken, by Lawrence himself — for among that amazing man's several archetypal qualities were those of the trickster, the leg-puller, the snook-cocker at authority and even, occasionally, the clown). In my view the writer concentrates too much on this aspect. Again and again he quotes the accounts of X, of Y and of Z, ending up with "What is the truth? We shall never know."

T. E. Lawrence before he opted out

Now Mr Yardley, I am sorry to say, while most laudably keen to be accurate and to put paid to all the drivel that has been written about Lawrence (in which task he is highly successful), all too often recalls the Mouse in *Alice*, "This is the driest thing I know. . . ." Mr Yardley's account of Lawrence's guerilla warfare against the Turks and of his relations with the Arabs, is in large part so detached and even pedestrian that I concluded it with a certain relief. His answer, of course, would be perfectly just and right. "If romance is what you want, you had better stick to *Seven Pillars*. I am simply aiming to get the facts right." Well, fair enough: I accept that. I am merely trying to tell potential readers what sort of book this is and what it is not.

In *The Lion and the Unicorn*, written in 1940, George Orwell said:

It should be noted that there is now no intelligentsia that is not in some sense "left." Perhaps the last right-wing intellectual was T. E. Lawrence. Since about 1930 everyone describable as an "*intellectual*" has *lived* in a state of chronic discontent with the existing order.

This passage, though debatable round the edges, was in essence correct. (By becoming Aircraftman Shaw, Lawrence in effect told the establishment to go to hell, but this was opting out, not setting his intellect to *oppose it*.) It is an aspect of Lawrence's life and character left untouched by Mr Yardley. He makes no attempt whatever to sum Lawrence up or to set his unique genius against the social and intellectual background and ideas of his time. Yet this time (roughly from 1905 to 1935) teems with events, changes and ideas *against* which Lawrence must be seen if he is to be perceived clearly.

I repeat, this is a good piece of work, well carried out: but it is not to be recommended (and I doubt Mr Yardley would want it to be) for newcomers or beginners who want to "discover" Lawrence, to be with him in the desert, to share his agonies and triumphs, to enter into the phenomenal paradox of his almost medieval soul, which commanded alike the respect and admiration of Churchill, of Bernard Shaw and of the roughs at Bovington Camp.

Richard Adams

Before Narnia

BOXEN: THE IMAGINARY WORLD OF THE YOUNG
by C. S. Lewis. Collins. £7.95. 206 pages

LIKE many gifted children the Lewis brothers, C. S. (Jack) and Warren (Warnie) made up stories which they told to each other. When Warnie went away to school, Jack wrote the stories down and illustrated them. They are all about animals with human traits of character who serve in the navy and animated chess men. Now they have been published for the first time (thanks to Walter Hooper who contributes an introduction) under the general heading of *Boxen*. This imaginery kingdom will in the future have the same place in Lewis scholarship (already a minor academic industry) that Gondal occupies in Brontë scholarship.

The sense here of an ordered society with its own rituals, systems and history is very typical of the mature C. S. Lewis. But it would be a pity to be solemn about it. Clearly Jack was as witty and spellbinding as a child as he became later as a fellow of Magdalen. His artful, naive little tales and plays still provoke a chuckle or two. Children should lap them up as an innocuous starter before they are initiated into the mature mysteries of Narnia.

The young author reveals remarkable confidence. He is as much in control of his imaginary world as Daisy Ashford was of hers. Echoes of the obsession with politics that typified the upper-middle class Belfast society of his father reverberate through these tales.

If one had to pick out a literary model it would be that of the Kipling of the early short stories. I am not clear whether at this time (circa 1910) C. S. Lewis would have read them but he has the same fascination with people as members of a group and elaborate pieces of machinery. Among the illustrations there is one showing a cross-section of HMS Greyhound, a home squadron 2nd class cruiser of 4,321 tons drawn with neatly inked footnotes identifying 36 separate areas of the vessel.

Frog sets sail: a juvenile drawing by C. S. Lewis

The story which it illustrates is that of Alexander Cottle, an ambitious young cat, serving as a junior naval officer, who undergoes a truly Kipling-like apprenticeship.

"The watches" we are told, "in the Boxonian navy are from nine to three and three to nine, so that the young cat, having come off the bridge at three in the afternoon, returned to his post at nine. The darkness had been thick since four, when he stepped out of *the saloon* the Greyhound was plunging heavily forward in the snowy breakers which sent a shower of stinging spray as far as the bridge, as her bow buried itself in the jet-black mass." Now read on.

Anthony Curtis

Desert songs

THE CONQUEST OF THE SAHARA
by Douglas Porch. Jonathan Cape, £15.00. 332 pages

BEYOND THE LAST OASIS
by *Ted Edwards*. *John Murray*. £11.50. 209 pages

BETWEEN the French colonies in Northern and Equatorial Africa lay the Sahara. In that immensity of desert were a handful of far-flung oases and some thousands of nomads, *Chaamba or Touareg for the* most part. French politicians in the 19th-century shuddered at the prospect, rightly seeing in it nothing but waste, in every sense of the word.

How a few colonialists and soldiers in Africa nonetheless succeeded first in surmounting opposition in Paris and then the *local* hazards is Douglas Porch's enthralling subject. Conscious of following up characters larger than life in their bravery and in their occasional madness, he conveys the full excitement of the story. It is a pity that in so good and valuable a book the single map is inadequate and the misprinting of names unusually persistent.

Arguments in favour of opening the continent by means of a Trans-Sahara railway were unrealistic. For centuries camel caravans had been ideal for the trade there was. Mineral resources did not exist. Ambition or adventure was the inspiration of French officers and explorers on their astounding travels and missions. *Rivalling* one another in initiative, disregarding possible international repercussions, often insubordinate, they built an empire piecemeal out of their personal exploits. So much for Marxist convictions that imperialism is a matter of class struggle and profit motive.

Colonel Flatters, commanding the first expeditions to cross the Sahara from north to south, was eventually killed with his men by the Touareg. The disaster was traumatic and it appeared expedient afterwards to change approach and set off from the French Sudan, in order to colonise along the shore of Lake Chad. Another expedition under Francois Lamy reached this goal, though he too paid for it with his life. The desire for glory slipped into criminality in another mission to Chad under Voulet and Chanoine, two Conradian figures who murdered those in their path, including the colonel despatched to bring them to heel.

Once the Tuat oases to the west were captured, the whole desert could be pacified. In an ultimate test of strength, several hundred Touareg were killed in pitched battle. The age of Laperrine, Lyautey, Père de Foucauld, the *spahis* and Beau Geste had begun, as colourful as it was to be short.

Mr Porch is fair about virtues and vices on both sides. For all their tribal integrity, the Touareg and Chaamba had been predators and raiders. The remaining irony — poetic justice — is that after all there were deposits of oil and gas in the desert, which enriched the former nomads but put paid to the old life for ever.

Ted Edwards is a Saharan romantic of the best sort. For spirits like his, the desert's silence and emptiness is a metaphor for freedom. He wanted to prove himself, and besides, he was fed up with the narrow horizons at home, in Salford.

By chance he heard of 300 miles of waterless dunes on the borders between Mali and Mauretania, said to be too punishing to cross on foot. Here was the trek for him, and in *Beyond the Last Oasis* he describes how he set about transforming his obsession into an epic feat.

During preliminary and rather abortive visits to Africa, he had to learn to handle camels, and what were the limits of his powers of endurance. Mugged in Morocco by gangsters, he came back fighting. At last, he was able to find the money, the equipment and the time. At Timbuktu he bought camels, and set off alone with them.

In the course of 19 solitary and gruelling days, between one oasis and another, he rode only when his strength was failing. On arrival, lucky to survive, he had lost four stone and broken several ribs in a fall. The written record of this journey is as attractive as the courage that went into it.

David Pryce-Jones

GWR days

GRUB, WATER AND RELIEF
by Adrian Vaughan. John Murray £9.95. 178 pages.

ADRIAN VAUGHAN's title summarises the three shift-end needs of the GWR engine-men (the water being for the engines). This author was a signalman on Western Region for 15 years, and he has collected a bookful of stories about the men who worked on the Great Western from 1835 to 1892, the men whose "fearless toil," in the words of a Swindon Locomotive Inspector, brought that line the unique reputation it used to have. He writes of these old railwaymen, every man a pioneer, as if he had worked alongside them.

B. A. Young

At large in Dylan land

MR WAKEFIELD'S CRUSADE
by Bernice Rubens. Hamish Hamilton, £8.95. 190 pages

DANCING WITH MERMAIDS
by Miles Gibson. Heinemann, £8.95. 196 pages

BANANA CAT
by Christopher Hood.
Alison Press/Secker and Warburg. 242 pages

A FINE EXCESS
by Jane Ellison. Secker and Warburg, £8.95. 183 pages

BERNICE RUBENS was a Booker prizewinner some years ago. In *Mr Wakefield's Crusade* she breaks new ground, technically and psychologically. Exactly what ground cannot be said without giving away what must not be given away before the last pages. Luke Wakefield, the narrator, crusades on behalf of Marion Firbank, murdered on (or presumably under) Wimbledon Common. As her killer drops dead in a post-office queue, leaving a just-stamped letter on the counter for Luke to pocket, he has written evidence to pursue; also the time, money, energy, curiosity and nerve for a private investigation.

Fantasy, self-delusion, towers of accumulated credible facts, solid witnesses from Hampstead to Merthyr Tidfil, perplex him for several anxious months, sometimes to the brink of madness and a South-coast rest-home; sometimes to equally bizarre but more cheerful galleries of mirrors where confused perceptions reflect each other and factual oddities are multiplied to infinity. Who is Marion, anyway, what is she? Luke's obsession with the dead woman, his inventiveness when it comes to reshaping her life, presence, background and relatives, are endless. The answer he gets at last is artistically satisfying, and the tone properly sober. Fantasy, as all the week's books successfully show, needs a serious foundation if it is to mean what it says, and the lining, as it were, of what is said here is rich and furry.

Rich and furry too, though in quite another way, is the writing in Miles Gibson's *Dancing with Mermaids*. He wrote, outrageously *some* thought, a first novel called *The Sandman*, about motiveless murders described in deadpan prose. This is as well written but much more fantastical, not deadpan at all. Once again the writing is superb. Here is someone with the impact of the early Ian McEwan or Martin Amis, electrifying, a dazzler.

What he dazzles us with here is a small seaside town in Dorset called Ram's Horn. It is full of leery, venal, outsize, hideous and beautiful people with names like Captain Turnpike Clancy and Big Lily White (ex-wrestler and landlord of the Dolphin), Tanner Atkins and Charlie Bloater; Tom Crow and Mrs Halibut. Three horrible little boys called Vernie, Smudger and Sickly plan to hypnotise Sickly's glamorous mother and keep her in a garden shed. Mrs Clancy waits hopefully for her husband's ghost while her suitors Hazlitt and Vine wait less hopefully for her favours. Mrs Halibut's potions keep the villagers sick and credulous. Mrs Reynolds's African lodger spreads mayhem. Mercy Peters arouses lustful thoughts. The novel recalls *Under Milk Wood*; local imagery, small-town setting and bizarrely-named inhabitants. The title exactly fits since mermaids have just this familiar yet erotic quality. An extraordinary talent dances with perfect control across hypnotic pages.

Christopher Hood's *Banana Cat* and Jane Ellison's *A Fine Excess* are so much alike in theme that it's tempting to review them in tandem. Both centre on plagiarism, a poem faked or pinched. Both are set in the growth-industry of literary patronage, Arts Council grants, "pseuds' corner" intellectuals, large sums of money *for idiotic promotions*; both even have similar "street theatre" groups of a sinister sort terrorising sober citizens at the rate-payers' expense. Both, in spite of being sharply satirical, leave a pleasant taste, a sense of compassion.

Jane Ellison: accomplished début

Banana Cat is set in the real: not the imaginative, Dylan Thomas country, Swansea, centre of the Thomas cult/industry, where George, a probation officer, gets rather too close to some of his shady clients. With one of them, a con-man of talent, George and another friend write an "undiscovered" Dylan Thomas poem, then supposedly discover it in plausible circumstances. Enter American academics and the lure of enormous gains. Through the sharp dialogue and good jokes and attractive narrative George's sad seriousness breaks at times. "I had sensed his pride in being a singular part of a modern movement," he says after peering round Thomas's study in the Boat House at Laugharne, "whereas now it seemed there was no modern movement, no art really, just museums and television and sociologists and boredom."

That could stand as an epigraph for *A Fine Excess*, a highly accomplished first novel, this time about large prizes given by a tobacco company to the winners of a poetry competition. Through the ins-and-outs of the neatly plotted action goes a thread of the same sort of sadness, a sense not just of the phoniness of telly-poets and grant-getters and commercial patrons but of the lack of *anything* else.

Isabel Quigly

Scottish home truths

LEAN TALES
by James Kelman, Agnes Owens and Alisdair Gray. Jonathan Cape, £8.95. 286 pages.

SECRET VILLAGES
by Douglas Dunn. Faber and Faber. £8.95. 170 pages.

DO NOT read James Kelman if you are feeling depressed. His stories will confirm your worst suspicions. He is the first author in *Lean Tales*, a collection of writings for our lean times. All three writers are Scottish—and their Scotland is one of unemployment and urban decay. And if those *words read like* over-used media phrases then this book will give you to understand the grimness of their day-to-day reality.

Yet the world that Kelman's characters inhabit is not stark simply because of poverty. Basic communication seems to have broken down. While some lack the money to buy bread, those that have bread find that if you cast it upon the waters you end up with soggy crumbs. His most contented character is a solitary nightwatchman who communes only with the machinery he tends. More typical is the city man working on a farm who asks the local barmaid out—*she punches him* and he is ejected from the pub. Later he looks through the window and sees her obligingly stripping for the locals. Kelman's style — obsessively detailed and written in a wry vernacular—seems the one sure thing in an incomprehensible world.

Alisdair Gray can stagger you with the breadth of his perception. Take this from an essay on the playwright Joan Ure: ". . . we live unfairly, our love twisted by exploitation and warfare, men oppressing women and other men with their greater economic strength, women exploiting men and other women with their greater emotional insight." His contribution to the book is a miscellany of *essays*, stories, autobiography and cryptic thoughts. "Miscellany" is one way of describing it, an interesting hotch-potch might be another.

For me, the best things in *Lean Tales* are the stories of Agnes Owens. Like those of Kelman, her characters know bleakness, despair *and futility*—yet her tone is very different from his. She writes with a sense of relish, often tinged with the macabre. While Kelman's stories sometimes read like open-ended prose descriptions, she creates little dramas—rich gobbets of life—downtrodden and giro-ridden though those lives be.

Secret Villages is Douglas Dunn's first collection of short stories, although he is already well-established as a poet. What struck me most about the collection, is the enormous variety of his characters. He can write on youth, old age, the rich and the poor, and make them all equally believable. Especially pleasing are his sympathetic and accurate portrayals of women. His imagery, not surprisingly, is first class, he writes of a man rolling a cigarette, "like a vet tending a small mammal" and he is equally at home portraying life in a provincial university or a remote Scottish island. But it is his psychological accuracy that is most telling, how our lives are shaped by the importance of minor irritations and small triumphs. The stories in *Secret Villages* are a cluster of little truths concerning the human condition.

Valery McConnell

Exhibitions

A celebration of the Tuscan past

Florence has just seen the start of *The Year of the Etruscans*, the major Italian cultural event for 1985. Amid great publicity, President Pertini opened the first two in a series of exhibitions on the Etruscans—the people dominant in the Italian peninsula from the seventh to the third centuries BC; disappearing, slowly, into the Roman embrace. No fewer than twelve exhibitions will run concurrently in the Tuscan region, heartland of the "Tyrrheni," from the end of May to *October 20th*.

Like gamekeepers, the Etruscans are stamped in English eyes with the D. H. Lawrence seal of approval. When Lawrence travelled round the Etruscan sites in 1927, he was a sick man musing on death. He conceived of the Etruscans as a people brimming over with life-force — unlike the grimly tedious Romans. He revelled in the famous sarcophagi of *fat gentlemen* and bejewelled ladies feasting under the same blanket; a manifesto *for free love* beyond the tomb.

If the scholars have their way, English visitors to *The Year of the Etruscans* will emerge "demythified." The Etruscans were not the lecherous, gourmet thugs of their image in Greek and Latin literature. The ladies are not naked under the blankets; they lived lives of admirable freedom and equality. This was no dim Italic *culture* which borrowed everything of importance from Greece and Rome.

Certainly, they left not a scrap of literature worth the classical scholar's attention. Yet these exhibitions leave no doubt that the modern Etruscologist inhabits a fascinating domain which changes with every excavation of the rich Tuscan soil. You may still end up with a hierarchy of the ancient world which put Greeks, Romans, Egyptians and even Celts well ahead; but if you were contemplating a visit to Italy, it would be a shame to miss these fine exhibitions.

The vast *Civilization of the Etruscans* is the first exhibition to be held in the Archaeological Museum of Florence since the terrible floods of 1966. Swiftly it take us from the unappetising huts of the Bronze Age to the often magnificent tomb contents of the Villanovan Iron Age. In the mid-8th *century* BC, the people of the Etrurian region came into contact with Greeks and Phoenicians who were keen to lay hands on the vital combination of lead, copper and tin deposits along the coast. Brilliantly, the Etruscans kept control of their assets where others were colonised.

The result was a dramatic rise in living-standards: for the princely few if not for the mass of *serfs*. *The nouveau riche* potentates of this "Orientalising" phase were mad for luxuries *from the East*, sold to them by Greek middlemen, and copied by local craftsmen. Quantities of Greek vases are found in princely tombs furnished with everything the dead might want. Etruscan gold is justly famous; safety-pins and brooches using a subtle technique of gold granulation for the patterns.

Some of the objects suggest daily life, such as scenes of women talking animatedly as they spin in their fan-backed armchairs, and friezes of Etruscan ships bent on trade or piracy. But religious life dominates: images of gods and demons, ossuaries and sarcophagi, incense-burners and

Most remarkable are mirrors engraved with scenes of haruspication, and the Piacenza model of the goose-liver laid out with its cosmological correspondances.

Haruspices was the notorious Etruscan priestly caste who divined the future from inspec-elaborate tripods.

tions of animal organs. The idea so excited Emperor Claudius that he wrote twenty *books* on these customs and ordered them to be recited aloud several times a year in a museum specially built for the performance). As for frescoes, the best of Etruscan art, there are photographic models of tombs.

The other Florentine exhibition, *The Fortune of the Etruscans*, in the vaults of Brunelleschi's Hospital of the Innocents, is waywardly selective in its treatment of the Etruscans' later image. Where are the hosts of excavators, from greedy Bonapartist vandals to diligent foreign visitors, who unearthed Etruscan antiquities? What of the procession of eccentrics who have claimed to translate Etruscan using Finnish, Egyptian and — recently — Albanian?

If the Etruscans are not part of your historical baggages, come armed with the Penguin survey by the Grand Old Man of the subject, Massimo Pallottino. Beware of books lurking in second-hand shops — they abound in Etruscology as in no other subject outside the occult and economics.

Primed by the Florentine visit, take the Etruscan route through the nine other towns which are hosts to the Etruscan Project: Volterra, Ghiusi, Cortona, Arezzo, Siena, Orbetello, Populonia, Massa Marittima and Portoferraio. From the Florentine *maelstrom*, travel to the ancient mines of Elba, the coastal plains of the Maremma, and to quiet hill-towns whose walls and cellars are built partly of Etruscan stone.

The Chimaera in bronze, from Arezzo

Ghiusi is one of the surprises to be discovered by following this route and ignoring the guide-book ("a drab little town" says the *Blue Guide*). Ghiusi, or Clusium, encapsulates Tuscan history, with its weird anthropomorphic ash-urns, Christian catacombs, Lombard inscriptions to a vintage virgin saint called Mustiola, and a new museum in the whitewashed, former Fascist residence.

For the Enlightenment's passion for the Etruscans you should go to beautiful Cortona, where eerie mediaeval streets contrast with the palatial grandeur of the Academic Etruscheria, set up by landowners enthusiastic for antiquity and fine 18th century books.

But for the glory of Etruscan art you must visit Arezzo. The Chimaera, a 4th-5th century masterpiece the size of a Great Dane, has come back to the city whence Cosimo de Medici removed it in 1553.

The frescoed crypt of St Francis houses a display on Etruscan *sanctuaries*. Terracotta reliefs remind us of the brilliant colours of ancient places of worship. There are touching votive offerings of model parts of the body; some crude clay, others finely modelled bronze. A man offers his entrails to some god sympathetic to sore guts; an inscription gives the man's resonant name, "Arnth Alitle Pumpus."

Not only do these exhibitions reveal the Etruscans: they help to explain the strong regional and civic pride of the modern Tuscan. Etrurian days are not so remote to Tuscans; they are seen as a reason for Tuscan superiority over the rest of the *peninsula* just as much as any of their Renaissance glories. (Do you take pleasure in your Saxon or Angle appearance? A Tuscan journalist proudly pointed out to me his "typically Etruscan" profile.)

The President of the Tuscan *region*, *Signor Bartolino*, a *Communist*, is well aware of the irony of the vast Etruscan Project; its hefty sponsorship from the capitalist sector. An impressive L20bn (£8m) has been spent not only on the exhibitions but also on conservation, restoration and improving museums.

The private sponsors are Fiat, *La Fondiaria* (a rapidly growing insurance company), and the Banco Monte dei Paschi of Siena. Each has *given L4.5bn*, with nearly the same amount coming from the Government, and L6.5bn from the Tuscan local and regional government.

For maps and details, contact the Italian State Tourist Office, 1, Princess Street, London W1R 8AY. Telephone 01-408 1254.

Patricia Morison

Glyndebourne's missing man

ONE MAN was missing from the first night of *Carmen* at Glyndebourne on Tuesday and that was the man who played a major role in setting up the production—Moran Caplat. For more than 30 years he had been the administrator at Glyndebourne, and for many of them he was keen to mount *Carmen*. Later his ambition became even more *refined—he* wanted to present *Carmen* with Maria Ewing in the title role.

When Peter Hall, a regular visitor to Glyndebourne as a producer, married the American mezzo soprano the way was open. The doubters who considered Bizet's opera to be too big for the Glyndebourne stage were persuaded, and *Carmen* opened this week to good reviews and the greatest demand for *tickets—even* in the experience of Glyndebourne.

Yet Caplat was not there—not because *he retired* in 1981, shortly after helping to plan the current season, but because in all his 36 years at Glyndebourne he has never sat through a complete performance.

"I've always been much more interested in the events leading up to the opening night—the designs, the making of the set, the rehearsals, all the preparations. I would not sit through a performance for personal pleasure," says Caplat.

A small, unflappable, precise man, who came to Glyndebourne after pre-war experience as an actor and a lively war in the Navy (he still wears a beard), *Caplat's* role has been to concentrate on the administration of Glyndebourne while the Christie family provided the inspiration and a series of great musical directors: Busch, Gui, Pritchard and Haitink handled the repertoire, with directors of production like Ebert and Sir Peter Hall.

He has now written his memoirs *(Dinghies to Divas: Collins, £15)* which make running Glyndebourne seem quite restful compared to his nautical adventures. A man who prefers his music to be instrumental, and ideally of chamber size, and who counts on the fingers of one hand the number of opera performances he has actually enjoyed, is unlikely to be thrown by the tantrums of sopranos or the moody egos of tenors.

As one of the team searching for new talent for Glyndebourne Caplat has had to listen to many singers throughout the world, but an act here or a scene there has usually proved sufficient to make up a mind which looks for acting potential as much as for a voice. *The* Glyndebourne approach has always been opera productions which are as credible as possible: perhaps the small size of the house enforces this.

He has taken in his stride a French baritone quitting after one performance (and just half an hour before the *planned* second) of the Count in *Le nozze di Figaro* because he considered the short sword designed for him by Oliver Messel an affront to his manhood, and the hero of *Werther* collapsing at the dress rehearsal because he had been practising too enthusiastically with the heroine. He has had to cope with a walk-out by the waiters just before the arrival of the audience and an alarum of fire in the middle of the night. On the whole he thinks singers are no more temperamental than actors, and stage crew more unpredictable than both.

Caplat believes that the quality of performances at Glyndebourne has not changed in a generation, and while companies are prepared *to sponsor* new productions—at around £100,000 a time—there is no reason why they should. The presence on the spot of the Christie family ensures a continuity, but a continuity which has always combined new works with the Mozart revivals—this year with *Albert Herring* and a Knussen double bill no one could complain of caution. In future years more Verdi is planned.

But if the programme is continually being revitalised, the look of Glyndebourne will stay the same. Caplat says the preference for evening dress is nothing to do with snobbery—just a ploy by John Christie to make the audience take the trouble to match the time put in by Glyndebourne to mount the best possible productions. And while in the past Glyndebourne has not always been the sell-out it is now, few of the audience have complained.

Indeed, Caplat says only one patron has asked for his money back—*after a performance of Pelleas* had been cancelled because the musical director refused to accept the understudy for a sick principal and *Figaro* was put on instead. The displeased customer had good reason to jibe at yet another *Figaro*—he was Lord Drogheda, then chairman of Covent Garden—and of the FT.

Antony Thorncroft

Saleroom

The jolliest place for art and pink string

Gouache/paper study of "Suzanna and the Elders", by James McNaught

The town wrapped up in pink string; Mr Peter Palumbo judging rather than being judged; promotional posters for the event pandering to that popular fantasy — Geraldine James, of The *Jewel in the Crown*, naked: will *Bath* stop at nothing to shed its sedate image? But the mayhem is for this weekend only as, once again, Bath sets as unlikely host to the Contemporary Art Fair; no longer the *biggest* but certainly the jolliest market place for art in the UK.

The pink string is the idea of artist Eric Snell. He has erected a line of 4-in thick plastic *from* the Artsite *gallery*, the office for the Fair, to the Assembly Rooms, where the exhibitors are parading their works. It stretches for 1,500 metres across Bath, ricocheting *from roof-top to roof-top*. It provides, at the very least, a talking point.

Mr Palumbo is a judge in a sculpture competition, a fringe event in which six sculptors have less than three weeks to design and carve something from their imagination in Bath stone. Ms James provides the very recognisable face to artist James McNaught's painting "Suzanna and the Elders," on sale at the Portal Gallery's stand after use as publicity for the *Fair*.

All these "hypes" mark a change in the fortunes of the Bath Contemporary Art Fair. Tentatively founded in 1981, it has had its ups and downs, but is now under the new and energetic directorship of Sean Kelly and busily acquiring a distinct personality. It has shed international pretensions and is concentrating on offering the work of *British artists* to the modest collectors. It is also a visual launching pad for the Bath music festival.

A renewed confidence is in the air, inspired partly, no doubt, by the elegant mouldings of the Assembly Rooms, but also attributable to the crackle of *money*. *Sponsors* have rallied around, with Phillips the auctioneers, donating £8,000 towards a total of £20,000; South West Arts has done its best, cementing the marriage between the music festival and art; even Lord Gowrie (nostalgic perhaps about his days as an art dealer) has found £7,000 out of his Business Sponsorship Incentive Scheme. The money helps to sell the Fair.

At Bath the keen novice art lover has little need for bluff and bluster. The art schools might still be turning out conservative abstract painters but most of the work on show by the thirty exhibiting dealers is figurative and colourful and immediate; created for the contemporary domestic interior. It would be hard to spend £5,000 on a painting at the Contemporary Art Fair, easy to fork out £50 for a print or drawing. The expensive London galleries, the Waddingtons et al, have fled the field, but some solid names are here, both dealers and artists.

At Austin/Desmond Fine Art you can buy a William Scott, who has just won the top £5,000 prize for a contribution to the Royal Academy's Summer Show (which opens next week), and a work by Carel Weight, who carried off second prize at the RA. Bohun Gallery has a John Piper (*among many others*); has the local Bath gallery Beaux Arts, which is also selling work by his son, Edward Piper — at less than £500 for a sizeable landscape. Nicholas Treadwell is there with his cutely risqué figurative pictures and models, and another successful habitué of art fairs, the Birksted Gallery, is selling the evocative Henry Holland — as well as Hockney prints.

With more national confidence in the quality of British art it is reassuring to come across an art fair where the dealers seem to be so in tune to the tastes of their potential buyers. There is little that is challenging from Art for Offices or Christies' Contemporary Art and the rest: even the abstract works on view are romantic and colourful. But the 10,000 *expected* visitors over *the four* days ending on Monday night will get a good show for their *money—contemporary* art at its most cosy.

Surprisingly, photographs are scarce at the Fair, but close by in Milsom Street the Royal Photographic Society has just unveiled its most ambitious exhibition yet—"The Living Body," based on the television series which took viewers through a crash course in "O" level human biology. The *£250,000* which Kodak has put into the show makes it one of the biggest arts sponsorships ever. Although the didactic commentaries on various physical functions compete for the attention, the overall effect is undeniably powerful. And there are photographs by Snowden, Lichfield, Patrick Eagar, David Redfern and others to calm you down, even if they only marginally relate to The Living Body. All told, Bath is in the swim this holiday weekend.

Antony Thorncroft

Records

Very good to superlative

BERLIOZ: SYMPHONIE FANTASTIQUE
Montréal Symphony/Dutoit. Decca 414 203-1
LISZT: TOTENTANZ. MALÉDICTION
Fantasia on *Hungarian* Folk Themes. Jorge Bolet, London Symphony/Fischer. Decca 414 079-1
GRIEG AND MENDELSSOHN: PIANO CONCERTOS
Cécile Ousset, London Symphony/Marriner. EL 27 0184 1
PROKOFIEV: SYMPHONY NO. 6. THREE WALTZES, OP. 110
Scottish National Orchestra/Järvi. Chandos ABRD 1122
"LES SIX" AND OTHERS: L'EVENTAIL DE JEANNE. *LES MARIÉS DE LA TOUR EIFFEL*
Philharmonia/Simon. Chandos ABRD 1119
MENDELSSOHN: PIANO SONATA, OP. 6. VARIATIONS SERIEUSES
Prelude & Fugue, op. 35 no. 1. Rondo Capriccioso. Murray Perahia. CBS IM 37838
MOZART: PIANO SONATAS, K. 330 AND 333.
"Eine kleine Gigue." Adagio in B minor. Mitsuko Uchida. Philips 412 616-1

This is a weekend round-up of new records. It is not a random sampling, but a frank creaming of the recent crop. The music is mostly mainstream; the performances range from very good to superlative, and they all benefit from recordings of a high standard.

Decca's Berlioz, the *Symphonie fantastique*, played by the Montréal Symphony under Charles Dutoit, is a resplendent triumph. As usual Dutoit is rigorously faithful to the composer's markings—which is not usual in this much-tried work—and finds depth and power beyond any mere conductor's effects. The opening movement is uncommonly strict, the March to the *Scaffold* uncommonly stern and heavy; the result is that Berlioz's own effects regain their pristine brilliance. The final phantasmagoria is terrifying. The whole sound, superbly engineered, is rich, slightly distanced and natural.

From Berlioz's ferocious treatment of the "Dies irae" chant to Liszt's in his *Totentanz* is no great step. The *Totentanz* contains as much controlled fury in a briefer span. It is a unique sort of concerto; and when played by a merely steel-fingered pianist it sounds like black-art pyrotechnics, crashingly weird.

Mendelssohn's G minor Concerto, busy but winsome, loses some of its period charm in *Cécile Ousset's athletic performance*—the music has not the inner vitality to carry such a *surface charge*. It still makes a stirring display (I should like to hear this concerto on a period, wooden-framed instrument); Grieg's concerto, however, survives Ousset's formidable address more happily. Delivered with all that vitality—and majestic tenderness in the Adagio, too—the familiar tunes sound renewed.

Prokofiev's late Sixth Symphony, a much subtler and darker piece than it pretends to be, gets an exciting and vividly sympathetic performance from the Scottish National Orchestra. The secret clearly lies in the conducting: Neeme Järvi proceeds through the Symphony with the confidence of pure instinct; as in Dutoit's Berlioz, the oddest things fall resoundingly into place. The SNO is alert and responsive, and the recording does credit to everybody.

Geoffrey Simon is a specialist in orchestral rarities. With the Philharmonia in bright form, he offers stylish recreations of two odd suites by teams of composers. *Les Mariés de la tour Eiffel* was a surrealist vaudeville by Cocteau, partly intended to propagate the musical ideals of his friends in the group "Les Six." Poulenc, Auric, Milhaud, Honegger and Germaine Tailleferre all supplied suitably quirky pieces.

Mendelssohn's fine Variations and his evergreen Rondo Capriccioso are brought to life by Murray Perahia with extreme finess. They glitter, but softly; their real grace comes into close focus. Perahia even gives a pretty semblance of life to the Sonata and the Prelude and Fugue: more is not possible.

The latest record in Mitsuko Uchida's Mozart series contains two middle-period sonatas in which she reveals more suggestive turns of thought and expression (but always respecting their domestic scale) than seemed remotely likely. The great B minor Adagio is sharply pointed, dry-eyed, intensely serious; the mad little Gigue has a mischievous crackle.

David Murray

Radio

Poet preferred by the public

RECALLING the last Poet Laureate, the Irish poet Tom Paulin might have said: "John Betjeman, alas," like Gide on Victor Hugo. Anti-intellectual, he said, ridiculous even, no literary merit; but equating him on *the* one hand to Molesworth and on the other to Marvell stirs a modicum of dispute.

If he had condemned only the programme's catchpenny title, *The Teddy Bear and the Critics* (Radio 4, Saturday), I would have gone part-way with him. But the critical diagnosis of the expert group assembled by Anthony Thwaite — Larkin, Fuller, Amis, Porter, Davie — suggested that, perhaps for the first time since Tennyson, the public's poetic enthusiasm had been fitting.

Victor Hugo's turn came on Radio 3 on Tuesday, with full-blooded approval by *George* Steiner. Hugo's centenary is to be celebrated in Paris with, among other things, five exhibitions and five dramatic spectacles. On BBC radio it was marked by this talk and a half-hour recital by Felicity Lott and Graham Johnson of Hugo settings by Bizet, Franck, Fauré, Lalo, etc. We might at least have had *Ernani* or *Rigoletto*.

George Steiner put this "absolute grandfather of the whole literary world" in the company of Tolstoy, Wagner and Dickens, and credited him with such inventions as montage and surrealism. We who only know *Les Misérables* and the bastard *Hunchback of Notre Dame* may feel properly humble.

I listened to a bit of *It's Your World* on Sunday morning to see if the questions put by listeners to Mr Pik Botha *would* develop into *abuse*. They did, a little bit, but the magnificent Sue MacGregor always managed to *short-circuit* them. If anyone expected to hear Mr Botha announce any fresh liberalisation of South Africa affairs they were disappointed.

Racism was also the subject of this week's *File on 4* on Tuesday, but in Liverpool, where the large black population feels that the virtually all-white council is against it, Roger Finnigan spoke to people of both colours and of various levels in the Merseyside community. He was always polite, always insistent and, except in the *case* of *those* who were deliberately uncommunicative, always got the information he wanted. *File on 4* should be compulsory listening for phone-in addicts.

A smashing Afternoon Play on Radio 4 on Tuesday, Tony McHale's *No Get Out Clause*. Putting the plot into a straight line, the drug-pusher Barry McGuin (Robin Summers) was murdered, the police visited the scene of crime and interviewed Martin Lindo (Norman Beaton), whose 16-year-old daughter Melody (Judith Jacob), was known to be one of McGuin's heroin clients.

But Mr McHale, with great ingenuity, plays his stories two at a time. While the police are examining dead McGuin for clues, we hear tiny snatches of what actually took place; while Superintendent Arnison (Peter Vaughan) is questioning Lindo about his friendship with McGuin, *McGuin is asking* Lindo, a thoroughly decent man, to go into partnership with *him*. The writing sounded knowledgeable, and the playing of all four leading parts was exceptionally good. The conclusion, not easy to foresee, is pretty sad all round. Melody sums it up: "Can't you see, there's no way out."

The Sony Radio Awards, which had less publicity than they should, were presented on Sunday at a function clearly modelled on the Tony Awards, through *Radio 2's* broadcast, coming rather late in the evening, hardly suggested such ceremony. I have no room for a complete list, and some of the names are of interest more to the industry than the public. But in an imaginative role, *Titus Groan* won the award for best play of the year, Howard Barker's *Scenes from an Execution* best script, Glenda Jackson (Mr Barker's leading lady) best actress, David March (in *Mr Norris Changes Trains*) best actor, Steve Wright pop presenter, Hubert Gregg for technical excellence and Jimmy Young radio personality of the year.

The best documentary was BBC Radio Scotland's *Strathinver*, which was repeated on Radio 4 on Saturday. This was a poetic townscape, written and presented by Robin Bell, a portrait of an imagined Scottish community in the decade following the end of the war. I thought it splendid, as beautifully read as it was written.

B. A. Young

Private view

Television revolution halted

Reality and image: Flesh and blood Christopher Dunkley with cardboard cut-out Mrs Thatcher

WHAT DOES the Thatcher Government believe in? The Thatcher Government believes in a free market and consumer choice. Which industries are its hopes pinned on? The sunrise industries. Which of the sunrise industries are particularly obvious candidates for a *laissez-faire* approach? The information technology and mass communications industries. Why? Because they are concerned with the free flow of information, the free play of ideas, freedom of expression, and the right of consumers to choose whichever form and source of information or entertainment they want.

Why all these tedious rhetorical questions? Because we need to remind ourselves of the image the Thatcher Government projects in order to appreciate the size of the gap —actually, e breathtaking chasm — between that image and reality, at least so far as television is concerned. Here, the Thatcher Government's record is one of continual interference and increased regulation. Never has television felt the smack of Nanny State so often.

I am not arguing that the British Goverment should practice a "hands off" policy in television, or that Britain should follow the U.S. into general deregulation and a "let it rip" philosophy in the hope that a thousand television flowers will bloom. Indeed, I believe the only way Britain could (and should) acquire a nationwide broadband cable network would be for the Government to organise it via the national telephone company (though since it privatised BT there is no chance of the present Government doing that). What I am arguing is that we should see the empress's clothes for what they are; we should not fall for the fairy story that free market policies are being tried in television.

Just as the video-cassette revolution was starting, with stereotypical Thatcherite entrepreneurs preparing to sell and hire programmes from garage forecourts, newsagents and launderettes, the Government joined in the hysterical rush to drive a "video nasties" Bill through Parliament. Motivated by highly questionable claims about six-year-olds watching sadistic horror films, the Government connived for the first time in British history at imposing pre-censorship on material intended for use in the home.

Consumer choice went by the board as Nanny Thatcher laid down regulations to determine how we should and shouldn't raise our children. The British Board of Film Censors was beefed up so that thousands upon thousands of films and programmes (including, for instance, *Fawlty Towers*) could be scrutinised and certificated at a cost to the distributors of £2 a minute. Such costs and delays have taken all the steam out of the video business.

In cable, not only did the Government decide against a free market, it even decided against regulating newcomers via the existing state authorities, opting instead for yet another quango, the Cable Authority. It was, in addition, so rigorous in its demands about the type of system it wanted that most bidders dropped out. The majority of the companies that did receive licences have not even begun to lay cable, let alone supply any programmes.

And now, in dealing with DBS (direct broadcasting by satellite) the Thatcher Government's *dirigiste* attitude is so stubborn that the entire business has been stopped dead in its tracks. Four years into the argument, the would-be DBS operators—the "Club of 21"—find themselves hamstrung by the Government's refusal to allow them to operate in a free market: they are being told they must buy British. That, says the Club of 21, means the operation cannot pay, and they will not even begin.

Meanwhile, in a move that presumably made Friedman and Hayek cringe with embarrassment, the Government has raised that famous poll tax—the BBC licence fee—by 26 per cent. Far from opposing the increase I would have made it bigger (with dispensations for the needy), but that is not the point.

The point is that we should look at what this Government actually does and not at the image is projects. When we do, we see that it has intervened repeatedly — financially, technically and legally—in what might have been a huge expansion of the free market and consumer choice, and has brought the television revolution virtually to a stop on all three fronts.

Christopher Dunkley

Sport

Accountants take the amateur from athletics

Sebastian Coe . . . superstar on the road to super-riches

BRITISH athletics is in the money. The cash is pouring in because of the sport's clean and healthy image, tarnished only rarely by the odd shove in a packed distance field or post-fall tantrum. It is a booming, professional business despite the anachronism of national associations clinging to their "amateur" label.

For instance, there is a £10.5m, five-year agreement with Independent Television described by Mike Farrell, the general secretary of the Amateur Athletics Association, as the "biggest sports deal ever in Britain." Three major sponsors — Pearl, Kodak and Peugeot-Talbot — are chipping in £5m over five years. Alan Pascoe Associates, the sponsor-hunter headed by the former champion hurdler, has other lucrative deals in the pipeline. The AAA, too, is in the money-making business, with cash invested — on advantageous tax terms — in the leasing business, such as helping farmers to rent tractors and other equipment.

Having money also means spending it and it is reputed that more than £50,000 is being outlaid this weekend on transporting and accommodating 500-plus competitors — 32 of them, or one-third, members of last year's Olympics squad — when the British championships are held in the little Ulster town of Antrim. In addition, the AAA is funding new indoor stadia and helping budding talent at grass-roots level.

It is not only the associations who are coining it. Superstars of the track — though not of field events as such — are following top jockeys, golfers, tennis and snooker players on the road to becoming millionaires, largely through advertising contracts. Steve Cram is backed by Kelloggs and Start; Sebastian Coe by C and A and Horlicks; while decathlon ace Daley Thompson has Lucozade and Brut to add to the sweet smell of success.

These days, great athletes need accountants as well as coaches. The top performers also have their backing agents, such as managers and publicists; the aim of all involved is to ensure that the athletes' gold brings in the best-possible returns, albeit under the control of national associations.

Officially, professionalism is controlled by an international system of permit meetings—the permission being to offer cash earnings being held by the associations until their careers end. In the West, the associations skim off about 15 per cent for their own funds, while in Eastern-bloc countries the prize and entry money goes to the state associations, who look after the living expenses of their stars. It is a flexible system, and it seems to be working.

Yet, just as the heavily commercialised international tennis circuit led to player power and arguments between the authorities, promoters and performers, so also is athletics, traditionally more patriotic, now facing problems involving the stars, inducements — with athletes who want to go their own way, and the associations. But the AAA has recruited a former poacher as its gamekeeper by appointing Andy Norman, adviser and negotiator to Steve Ovett and others, as promotions officer. His rapport with athletes could help to dampen their long-voiced criticism that officials do not understand them or their needs.

Meanwhile, as well as the British championships, today also sees the launching of the new International Grand Prix series in San Jose, California, from which—surprise, surprise —the Soviet entrants have pulled out. The 16-meeting series is spread through 13 countries, with the Mobil oil company offering big prizes for the winners on a cumulative points basis and sponsoring the big finale in Rome. Two British meetings are featured in the 16: the Peugeot-Talbot Games (July 19) and the International Athletes Club event (August 2), both at Crystal Palace.

This summer the world's greatest sprinter, Carl Lewis, America's quadruple Olympic gold-medallist, has three of his four European tour dates in Britain — at the Kodak AAA championships at Crystal Palace (July 13, 14), the Peugeot-Talbot, and at Edinburgh (July 23). The cereal-scoffing Steve Cram, Britain's world 1,500 metres champion, has lined up a tough programme of eight major home dates, two in Oslo, and trips to Budapest, Zurich, Brussels and Rome, with 1,500 Grand Prix gold his target.

But the plans of several other top British athletes are, as yet, vague. Coe (only three major home commitments so far) and Ovett (still nursing himself back towards his challenging best after his Los Angeles Olympic problems) are being cagey and, as usual, no one knows what that California sun-worshipper, Thompson, has in mind (although decathlons are few and far between). Zola Budd will fly in from South Africa for a series that includes the Ulster Games in Belfast on June 24, the Gateshead international in June, the Peugeot-Talbot, and Helsinki in July.

The powerful Ade Mafe, still only 18 and the youngest Olympic 200 metres finalist, and Southampton's Todd Bennett, the battling 400 metres man, could be among Britain's new superstars this year. Peter Elliott (800 metres), who fought injury problems last year, and Rob Harrison (800) look good bets for improvement; while Ikem Billy and Jack Buckner should come through strongly to extend Britain's middle-distance tradition.

The Reading 18-year-old, Simone Jacobs, should make our established world-class sprinter, Kathy Cook, stretch her long legs even further this weekend and for the rest of the summer. Fatima Whitbread, disappointed by an Olympic bronze in the women's javelin, will certainly be all out for world leadership.

As far as domestic television the switch from BBC to ITV coverage goes, Farrell claims will not mean any decline in quality. The commentary team will be headed by Alan Parry, Lynn Davies, the Olympic long-jump gold medalist, and Peter Matthews, who is hot on statistics. The BBC will mount its counter-attack at Grand Prix and major European meetings.

But supporters are not just relying on the box — the Peugeot-Talbot and the AAAs at the Palace, as well as England v. the U.S. at Birmingham (June 21) are virtually sold out in the main stands. That is highly encouraging for this time of year.

MAJOR MEETINGS IN BRITAIN

Today, tomorrow:
HFC UK Championships, Antrim

June 21:
England v U.S., Birmingham

June 24:
Ulster Games, Belfast

June 29:
Britain v Czechoslovakia v France, Gateshead

July 6, 7:
Britain v E. Germany, and v Japan (men only) Birmingham

July 13, 14:
Kodak AAA Championships, C Palace

July 19:
Peugeot-Talbot Games, C Palace

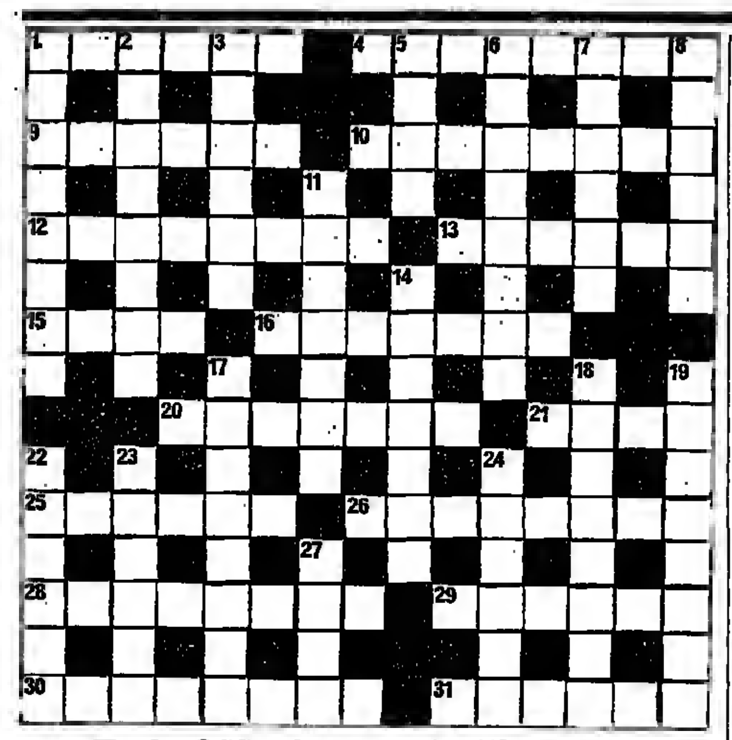
July 23:
Edinburgh Games

August 2:
IAC meeting, C Palace

August 9:
Kodak Classic, Gateshead

August 26:
England v Poland v Hungary, C Palace

James French



F.T. CROSSWORD PUZZLE No. 5,727

Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution *next* Saturday.

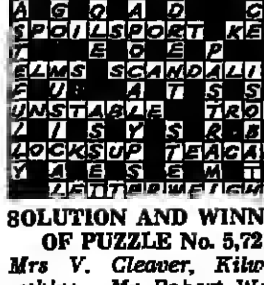
ACROSS

1 Union leader caught in women's clothing gets imprisonment (6)
4 At one a little money is brought round for a game (8)
9 Notice the opening on time (6)
10 Check the waterfall after break (8)
12 Corresponding reel is changed round at four (8)
13 Tries to catch "Points of View" (6)
15 Complain when buzzer gets loud (4)
16 Tales I get in shops (7)
20 I leave the Egyptian capital on purpose to get to a party (7)
21 Have a half barrel round "The Duck and Pig" (4)
25 Buy tea blended for excellence in looks (6)
26 Fame ruins nice men, sweetheart! (8)
28 Conductor seen at the end of the line (8)
29 Be back in time to argue (8)
30 During the appointment, for example, follows the Spanish representative (8)
31 Mean as an infuriated wasp? (6)

DOWN

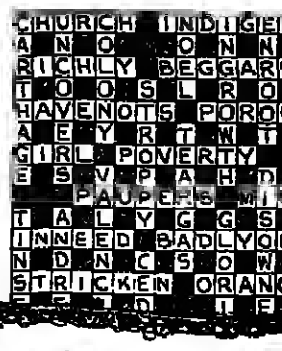
1 Bitter criticism for returning to assist with the race (8)
2 Something that goes round shooting people? (8)
3 The authority, having the money brought back in, show good sense (6)
5 Old notice, for example, put back in (4)
6 Meant Nurse Enid to take a turn outside (8)
7 Almost one second before the usual time (6)
8 He is way behind the bird! (6)
11 Eggs scrambled on it get an enthusiastic reception (7)
14 Super change, taking me on venture! (7)
17 Object very much when first given an old coin (8)
18 It could be fun to Ian, redesigning a jet (8)
19 He wrote "Miniature Railway" and "Foliage for Decoration" (8)
22 A club man grew less (6)
23 Security group cut-back involved rat-catching (6)
24 Coin in aperture (6)
27 Leave each other some (4)

Solution to Puzzle No. 5,726



SOLUTION AND WINNERS OF PUZZLE No. 5,721

Mrs V. Cleaver, Kilwinning, Ayrshire. Mr Robert Wallace, Melton Constable, Norfolk. Mr E. M. Taylor, Grasscroft, Oldham. Mr K. B. Hubbard, Leigh on Sea, Essex. Mr M. D. MacLeod, Southampton, Hamp-



TELEVISION AND RADIO

SATURDAY

BBC 1

† indicates programme in black and white

8.30 am The Saturday Picture Show 10.55 Grandstand, including 1.00 pm News Summary, Football: coverage of this afternoon's match between Scotland and England, Golf: (The Whyte and MacKay PGA Championship), Racing from Haydock Park, and Boxing (Rocky Kelly v Nino La Rocca). 5.05 News. 5.15 London—Sport: South-West England—Spotlight Sport and News: All other English regions — Sport and Regional News: Scotland—Sport: Wales — Sports News Wales: Northern Ireland — Northern Ireland News and Sport. 5.20 The New Adventures of Wonder Woman. 6.10 The Keith Harris Show. 6.45 "Le Mans," starring Steve McQueen. 8.30 The Kenny Everett Television Show. 9.00 Dynasty. 9.45 Night Of 100 Stars — Preview. 9.50 News and Sport. 10.05 "Where Eagles Dare," starring Clint Eastwood and Richard Burton.

BBC 2

3.10 pm Saturday Cinema: "Never Steal Anything Small," starring James Cagney and Shirley Jones. 4.40 Golf (The Whyte and MacKay PGA Championship). 6.25 The Day The Universe Changed. 7.15 News and Sport. 7.30 Wagner's Ring. 7.34 "Gotterdammerung." The last of Wagner's four operas comprising "The Ring" cycle, conducted by Pierre Boulez, with English subtitles (broadcast simultaneously on Radio 3) Act 1. 9.25 Richard and Ludwig. Humphrey Burton tells the story of the friendship between Ludwig II of Bavaria and the composer. 9.38 "Gotterdammerung," Act 2. 10.39 The Music and the Message. Humphrey Burton considers divergent interpretations of The Ring since its inaugural production in 1876. 10.51-12.10 am "Gotterdammerung," Act 3.

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Matt and Jenny on the Wilderness Trail. 10.00 No 73. 11.20 The Champions. 12.15 pm World of Sport including 12.20 Ice Hockey, 12.45 News followed by Australian Pools Check, 12.50 On The Ball, 1.00 Boxing, 1.20 The ITV Six from Doncaster and Ayr, 2.55 Wrestling, 3.35 Athletics, 3.50 News Round-Up, 4.00 Athletics, 4.45 Results.

5.00 News. 5.05 Happy Days. 5.30 Connections. 6.00 The Saturday 6 O'Clock Show. 6.50 The Grumbleweeds Radio Show. 7.20 The Price is Right. 8.15 Hunter. 9.15 News and Sport. 9.30 Tales of the Unexpected. 10.00 London News Headlines followed by "Eyes of Laura Mars," starring Faye Dunaway. 11.55 Magnum. 12.45 am Bizarre. 1.10 Night Thoughts.

CHANNEL 4

1.05 pm Chips' Comic. 1.30 Print It Yourself. 2.00 "I Wonder Who's Kissing Her Now," starring June Haver. †3.50 "Ghosts on the Loose," starring the East Side Kids and Bela Lugosi. 5.05 Brookside Omnibus. 6.00 The Max Headroom Show. 6.30 No Problem! 7.00 News Summary followed by 7 Days. 7.30 Lakeland Rock. 8.15 Winston Churchill: The Wilderness Years. 9.15 To Be A Yellowbelly. 10.00 Octopus—Power of the Mafia. 11.00 The Late Clive James. †11.45 Naked City. 12.40 am The Paul Hogan Show.

S4C WALES

1.25 pm Farming On 4. 1.55 A Question of Economics. 2.25 A Week In Politics. 3.10 Wabo and Other Wonders. 14.10 Americans At War. 6.10 Where In The World. 6.40 The Avengers. 7.35 Newyddion. 7.45 'Steddfod yn y Dinas. 8.45 Gwahoddiad i'r Wledd. 9.05 The Bright Side. 9.35 Hill Street Blues. †10.30 Feature Film: "Holiday," starring Katharine Hepburn and Cary Grant.

Richard Burton
BBC 1, 10.05

REGIONS

IBA Regions as London except at the following times:—

9.25 am Cartoon Time. 9.35 Captain

ANGLIA

Scarlet and The Mysterons. 11.20 Chips. 5.05 pm Connections. 5.35 Cartoon Time. 5.50 Riptide. 11.55 Live At City Hall (The Stan Getz Quartet and Nancy Wilson). 12.25 am At The End Of The Day.

BORDER

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 Film: Alistair Maclean's "The Hostage Tower," starring Peter Fonda.

CENTRAL

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm The Saturday Action Film: Alistair Maclean's "The Hostage Tower."

GRAMPIAN

9.25 am Cartoon. 9.30 Scooby Doo. 11.20 Chips. 5.05 pm Fangface. 5.25 Connections. 6.55 Riptide. 11.55 Reflections.

GRANADA

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 11.20 Roses Cricket: Lancashire v Yorkshire (also at 12.50 and 2.55 pm). 5.05 Roses Cricket (coverage of the final session of the first day's play). 5.50 The Fall Guy. 11.55 The Commodores in Concert. 12.55 am Comedy Tonight.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †11.15 Fireball XL5. 11.45 Just Our Luck. 12.13 pm HTV News. 5.05 Alistair Maclean's "The Hostage Tower," starring Peter Fonda, Douglas Fairbanks Jr, Billy Dee Williams and Keir Dullea. 11.55 Portrait of a Legend (Lionel Ritchie).

SCOTTISH

9.25 Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Connections. †5.35 Feature Film: "The Saint's Girl Friday," starring Louis Hayward, Sydney Tafler and Naomi Chance. 11.55 Late Call. 12.00 Portrait of a Legend (Merle Haggard).

TSW

9.25 am Cartoon (Roger Ramjet). 9.35 Captain Scarlet and the Mysterons. 9.57 Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.07 Feature Film: Alistair Maclean's "The Hostage Tower," starring Peter Fonda, Douglas Fairbanks Jr. and Billy Dee Williams. 11.55 The Moviemakers (The Films of Frank Capra). 12.30 am Postscript.

TVS

9.25 am Porky Pig. 9.35 Scooby Doo. 11.20 The Green Hornet. 11.45 Sealab 2020. 12.12 pm TVS Weather. 5.10 Connections. 5.40 The Wonderful Stories of Professor Kitzel. 5.50 Knight Rider. 11.55 Freeze Frame. 12.25 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Scooby Doo. 9.55 Young Lookaround. 11.00 Roses Cricket: Lancashire v Yorkshire from Old Trafford. 12.50 pm Roses Cricket. 2.55 Roses Cricket. 5.05 Alistair Maclean's "The Hostage Tower," starring Peter Fonda. 11.55 Poet's Corner.

ULSTER

9.25 am Cartoon Time. 9.30 Scooby Doo. 11.20 Fireball XL5. 11.45 The Smurfs. 12.43 pm Lunchtime News. 5.03 Ulster News. 5.05 Feature Film: "Alistair Maclean's "The Hostage Tower," starring Peter Fonda. 8.27 Ulster News. 11.50 Sports Results. 11.55 News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Cartoon Time. 9.35 Scooby Doo. 11.20 Roses Cricket—Lancashire v Yorkshire. 2.55 Roses Cricket. 5.05 Alistair Maclean's "The Hostage Tower," starring Peter Fonda. 11.55 Johnny Dangerously: Gangster Greats.

RADIO

BBC RADIO 2

(S)—Stereo on VHF

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 12.30 pm Vince Hill's Solid Gold Music Show (S). 1.00 The News Huddlines. 1.30 Sport on 2: Rugby Union; Golf; Racing from Haydock Park; Athletics; Football (England v Scotland), plus Swimming Motor Cycling and Showjumping and at 5.45 Racing Results and 5.50 Cricket Scoreboard. 6.00 Folk on 2. 7.00 Jump! 7.30 Cricket Scoreboard; BBC Festival of Light Music (S). (8.35-8.55 Interval). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Night Owls (S). 1.00 Hilary Osborn (S). 3.00-4.00 Wally Whyton (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.45 Elgar and Vaughan Williams (S). 1.00 pm News. 1.05 Hamish Milne (S). 2.00 Bach at 40 (S). 4.00 Allegri String Quartet (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 York Winds (S). 7.15 Mr. Pritchard (short story). 7.30 Wagner Ring: Gotterdammerung. A simultaneous broadcast with BBC-2 (9.24-9.38; 10.39-10.51 Interval Readings) (S). 12.05-12.08 am News.

BBC RADIO 4

7.00 am News. 7.10 Today's papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster (Political review by Michael Cockerell of "The Economist"). 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm I'm Sorry I Haven't a Clue (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? from Telford, Shropshire. 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News; Book Plug (S). 3.30 The Finest Work in England (S). Enterprise. 4.45 Letter from a Small Television Channel. 5.00 Wildlife (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Russell Harty's Musical Encounters (S). 6.30 Stop the Week with Robert Robinson (S). 7.45 In Wellington's Boots: Sean lands in Portugal. 8.30 Saturday-Night Theatre: "The Maltese Falcon" by Dashiell Hammett (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 In All Fairness. 11.00 Science Now with Colin Tudge. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

SUNDAY

BBC 1

† indicates programme in black and white

5.55 am Play School. 9.15 Asian Magazine. 9.45 Letting Go. 10.10 Greek —Language and People. 10.35 The Learning Machine. 11.00 Festival Service for Whit Sunday. 12.10 pm Honourable Members. 12.35 Farming.

1.00 News Headlines. 1.05 Bonanza. 1.55 Tom and Jerry. 2.00 Eastenders.

†3.00 Comedy Matinee: "The Square Peg" starring Norman Wisdom. 4.25 Regional Programmes. 4.55 The Montreux Rock Festival.

5.45 Rock 'N' Roll 1985. 6.30 News. 6.40 Songs of Praise. 7.15 Sorry! 7.45 Juliet Bravo. 8.35 Whicker's World.

9.30 That's Life. 10.15 News. 10.30 Heart of the Matter. 11.05 The Pest Afloat. 11.30 A Family Band.

BBC 2

1.55 pm Grandstand including Cricket (The John Player Special League), and Golf (The Whyte and MacKay PGA Championship). 6.50 News Review. 7.15 Stuart Burrows Sings. 7.50 Debut. 8.20 Tanglewood: A Place to Make Music. 9.10 The Floralies of Ghent. 9.40 Golf (highlights). 10.15 Bleak House. 11.05-12.50 am "The Effects of Gamma Rays on Man-in-the-Moon Marigolds" starring Joanne Woodward.

LONDON

6.55 am TV-am Breakfast Programme.

9.25 LWT Information. 9.30 Porky Pig.

9.45 Swifty and Shorty. 10.00 Morning Worship. 11.00 Link. 11.30 Breakthrough. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Care Bears. 2.00 London News Headlines followed by A Full Life. 2.30 Tuning Into Dingoo. 3.00 Athletics—The HFC UK Championships. 4.30 Travellers by Night. 5.00 Now You See It. 5.30 Once in a Lifetime. 6.30 News.

6.40 Highway. 7.15 Winner Takes All.

7.45 Murder, She Wrote. 8.45 News.

9.00 Connie. 10.00 Mog. 10.30 The South Bank Show (The Real Cotton Club presented by Melvyn Bragg). 11.30 London News Headlines followed by American Documentary. 12.25 am Night Thoughts.

CHANNEL 4

1.00 pm Irish Angle. 1.30 Tennis That Counts. 2.00 A Question of Economics. 2.30 "A Midsummer Night's Dream" (repeat of Sir Peter Hall's Glyndebourne production of Benjamin Britten's adaptation of Shakespeare's woodland fantasy). 5.15 Shades of Green—The Circus. 5.30 News Summary followed by The Business Programme. 6.15 Worldwise presents The Longest Running Show on Earth (the first-ever effort-raising live spectacular in the cause of improving the environment). †10.15 "The Awful Truth" starring Irene Dunne and Cary Grant.

S4C WALES

1.00 pm Gwasanaeth grefyddol. 2.00 Lakeland Rock. 2.40 Gardeners' Calendar Roadshow. †3.10 Feature Film: "Miracle in the Rain." 5.00 The Wine Programme. 5.30 The Business Programme. 6.15 Worldwise Special (part 1). 7.15 Newyddion. 7.20 Tocyn tramor. 8.00 Pwy sy'n perthyn? 8.30 Er gwaethe'r gelyn. 9.15 Byd Cerdd. 10.15 Worldwise Special (part two).

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.30 am Survival. 1.00 pm Silver Spoons. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 Happy Days. 11.30 Scarecrow and Mrs King. 12.30 am Birthday of the Church.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Perspective. 1.30 Farming Outlook. 2.30 The Sounder.

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlet. 10.00 Once Upon a Time . . . Man. 10.30 Personal View (Jimmy Reid). 1.00 pm Farming Outlook. 1.30 Survival. 2.30 The Phyllis Diller Show.

11.30 Genesis in America. 12.30 am Reflections.

GRANADA

9.25 am Highway. 11.25 Aap kaa hak (in Urdu). 11.30 This is Your Right.

1.00 and 2.30 pm Roses Cricket: Lancashire v Yorkshire from Old Trafford. 5.00 Once in a Lifetime. 6.00 New You See It. 6.40 Roses Cricket (final overs). 11.30 The Late Film: "Mark of the Phoenix."

HTV

9.25 am Airplanes, Men and Memories. 1.00 pm The Adventurer. 1.30 Farming Wales followed by Weather for Farmers. 2.30 Short Story Theatre. 5.00 Definition. 5.30 Falcon Crest. 6.35 HTV News. 11.30 Looks Familiar.

SCOTTISH

9.25 am Cartoon Time. 9.30 Breakthrough. 10.00 Sesame Birsel. 1.00 pm Happy Days. 1.30 Farming Outlook. 2.00 Cloud of Witnesses. 2.30 The Glen Michael Cavalcade. 11.35 Mannix.

TSW

9.25 am Link followed by South West Link. 11.00 Breakthrough. 11.25 Look and See. 11.30 The Crazy World of Sport. 1.00 pm Gardens for All. 1.30 Farming News. 2.30 Cartoon Alphabet. 11.30 Streets of San Francisco. 12.25 am Postscript.

TVS

9.25 am Action Line. 9.35 Fangface. 1.00 pm Agenda. 1.30 Enterprise South. 2.30 The Great North Face Air Race. 11.30 The Mysteries of Edgar Wallace. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Link. 11.25 Lookaround. 11.30 Captain Scarlet and the Mysterons. 1.00 pm Farming Outlook. 1.30 Roses Cricket: Lancashire v Yorkshire from Old Trafford. 2.30 HFC UK Athletics Championships. 11.30 Epilogue.

ULSTER

12.58 pm Lunchtime News. 1.00 Advice with Anne Hailes. 1.16 Cartoon Time. 1.30 Farming Ulster. 1.58 Farming Weather. 2.30 Escape to Freedom. 5.38 Ulster News. 5.57 Ulster News. 11.30 Portraits of Power: "Roosevelt: Manipulator-in-Chief." 1.55 Sports Results. 12.00 News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Link. 11.00 Breakthrough. 11.30 Farming Diary and Farming Weather. 1.00, 2.30 and 5.40 pm Roses Cricket: Lancashire v Yorkshire from Old Trafford. 11.30 Highway. 12.00 Five Minutes.

RADIO

BBC RADIO 2

(S) = Stereo on VHF

9.00 am Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-time Greats (S). 1.00 John Dunn Presents Two's Best (S). 2.00 Summer Sounds. 5.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Ed Welch at the piano. 11.00 Sounds of Jazz (stereo from midnight). 1.00 am Hilary Osborn presents Nightride (S). 3.00-4.00 John Dunn presents Two's Best (S).

BBC RADIO 3

7.00 am News. 7.05 Amadeus Quartet (S). 8.00 Bach Cantatas 1724 (S). 8.25 Domenico Scarlatti (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 St Louis Symphony Orchestra, part 1 (S). 12.15 pm Words. 12.20 St Louis SO, part 2 (S). 12.55 Mendelssohn Quartets (S). 1.45 Vaughan Williams: Symphony 5 (S). 2.30 Violin and Piano (S). 3.15 Early Music from the Proms (S). 4.45 Couperin and Brahms (S). 6.30 New Premises. 6.15 Boston Musica Viva, part 1: John Thow, Zwilich (S). 7.00 A Modest Person. 7.05 Boston Musica Viva, part 2: John Cage, Schoenberg arr Webern (S). 7.40 Rawsthorne and Hopkins, piano recital (S). 8.15 The Gift (S). 9.00 Brighton Festival 1985, delayed relay, BBC Symphony Orchestra, part 1: Berlioz, Debussy (S). 9.35 The Kingship of Charles II. 9.55 Concert, part 2: Ravel (S). 11.00 John Williams and the BBC Singers: Holmboe, Ponce (S). 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Ben Kingsley appeals on behalf of the new theatre in the round, Stoke-on-Trent. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Food Programme. 11.40 Home-ing In (S). 12.10 pm It's Your World: James Grant, executive director of UNICEF, answers questions from around the world (simultaneous broadcast with BBC World Service). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.45 So You Think You're Attractive. 4.00 News. 4.30 Talk of the Town; Talk of the Country. 6.00 News. Flesh Harry (profile of Sir Malcolm Sargent). 6.50 Shipping Forecast. Weather. 8.00 News. 6.30 Bookshelf. 7.00 Meistersinger. 7.30 The Phenomenon. 9.00 For Pentecost (S). 9.30 A Word in Edgeways (S). 0.00 News; Daughters and Sons by Ivy Compton-Burnett (S). 9.58 Weather. 10.00 the Jury (S). 11.00 God (S). 11.15 Inside Parliament. 12.00-12.15 am News.

Solution to Chess No. 569

1 P-B5! PxP; 2 NxBP! PxN; 3 B-B4 ch, K-R1; 4 R-Q6! (threat 5 R-R6) and if BxR; 5 BxP ch! KxB; 6 Q-N5 ch mates, or if 4 . . . B-K2; 5 Q-R6, R-KN1; 6 R-KN6!